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World Bank Chief Urges More IMF Funding

By Alan Friedman
International Herald Tribune

PARIS — The president of the World Bank, weighing into the debate over how the world can prepare for any future Mexico-style financial crises, has called for a major increase in the resources available to the International Monetary Fund.

The bank president, Lewis T. Preston, who is leaving his job at the World Bank because of ill health, said in an interview over the weekend that senior Western policymakers are worried about whether there was a large enough pool of funds available at the IMF to contend with another crisis as big as the recent Mexican currency crisis.

Mr. Preston, speaking publicly for the first time since his resignation was announced, noted that making sure the monetary fund had enough resources was "very important."

"I think that if if the United States is going to encourage the IMF to devote a substantial portion of its

resources to a place like Mexico, they better get the fund some resources that are credible going forward," Mr. Preston said.

Separately, Michel Camdessus, managing director of the IMF, said that he was prepared to modify his proposal to create more than \$50 billion worth of new funds available to the IMF, as part of an effort to deal with any future Mexico-style crises.

The Mexican crisis — which last month led to a \$5 billion international rescue package backed by the U.S. Treasury, the IMF and the world's leading central banks — is still rumbling on. As part of the rescue, Mexico was promised a record loan of \$17.8 billion from the monetary fund, but some central banks are now backing away from their commitment to help finance part of this IMF credit.

The degree of uncertainty about Mexico's deeply troubled economy was underscored on Saturday when Robert E. Rubin, the U.S. Treasury secretary, said in a television interview that the U.S.-led rescue plan was "sound" but that its success was not guaranteed.

Mr. Rubin warned that if Mexico were to default on

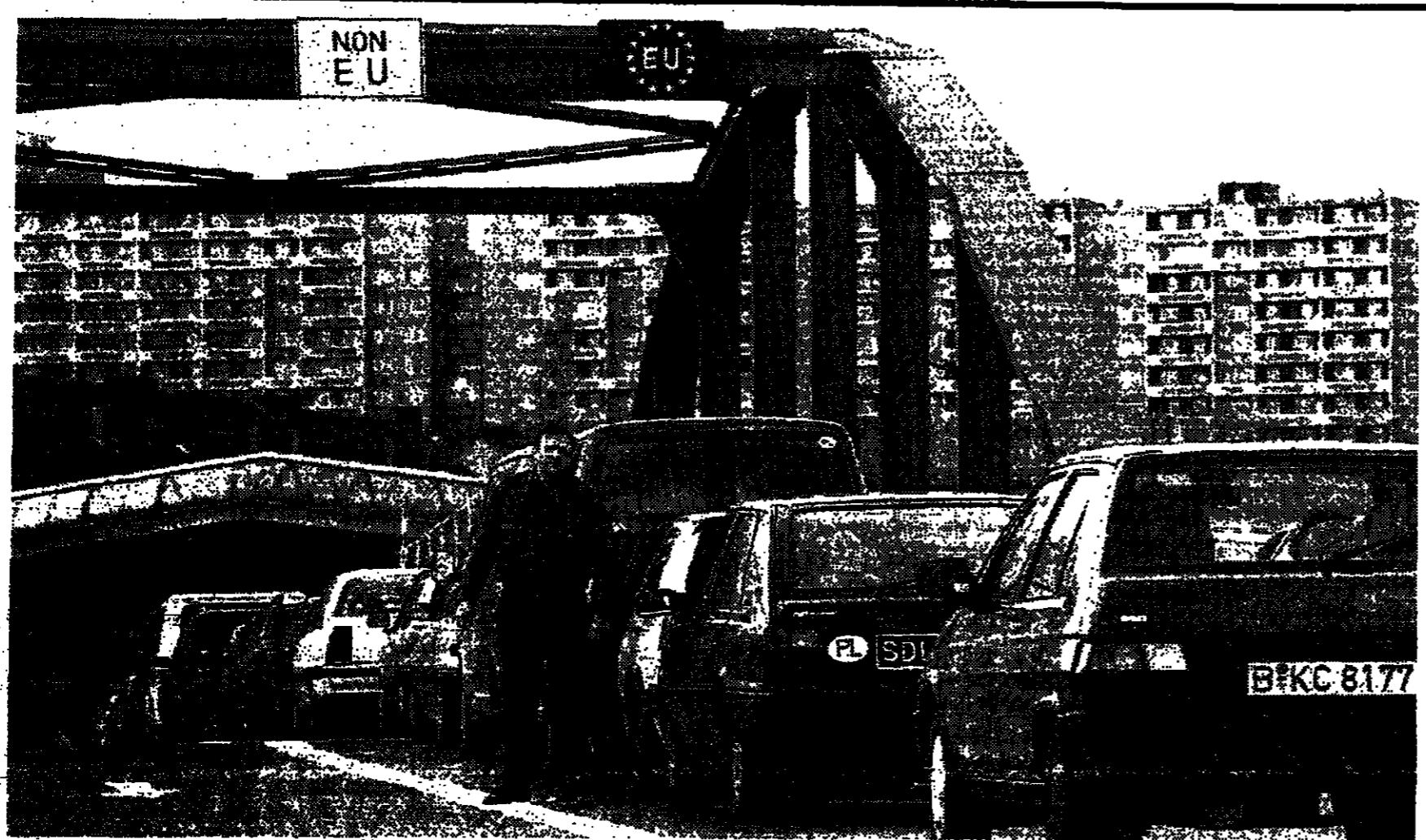
the U.S. or IMF loans, that would have a "significant and long-lasting effect" on the U.S. economy.

The issue of whether to create a global safety net to deal with future national crises of the sort Mexico is enduring has become a top priority among the wealthy Group of Seven nations, and it will be discussed during a meeting in Washington in late April of the monetary fund's policy-making Interim Committee. Leaders of G-7 nations will also try to come up with a proposal during their annual economic summit meeting, to be held in Halifax, Nova Scotia, in June.

During the annual meetings of the IMF and the World Bank in Madrid last autumn — the last time world financial leaders examined the monetary fund's resources in a multilateral setting — the G-7 and developing countries were deadlocked over conflicting proposals to create billions of dollars worth of the IMF's artificial currency, the Special Drawing Right.

At Madrid, the G-7 vetoed a proposal from Mr. Camdessus that would have allocated a total of 36 billion

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BRIDGE TO SCHENGEN-SPACE — Cars lining up Sunday at the German-Polish border after seven EU countries eased internal frontier checks. Page 6.

Terror Suspect Nearly Bombed 2 U.S. Jets, Officials Say

By Philip Shonan
New York Times Service

MANILA — A computer disk and documents found in an apartment here in January show that Ramzi Ahmed Yousef, the man accused of engineering the World Trade Center bombing in New York, was only days away from trying to blow up two U.S. jumbo jets near Hong Kong and that he had personally planted a test bomb that exploded aboard a Philippine airliner, according to U.S. and Philippine officials.

The material reveals that Mr. Yousef,

now in custody in New York, was planning for bombs to explode simultaneously aboard two United Airlines 747 jets — one arriving from Los Angeles, one from Singapore — as they approached Hong Kong's international airport on Jan. 22, investigators said.

The plot was foiled on Jan. 6, they said, when the Manila police investigated a kitchen fire in the apartment and found bomb-making equipment and other evidence that tied Mr. Yousef not only to plans for the bombings, but also to a plot to assassinate Pope John Paul II during his visit to the Philippines that month.

Philippine police investigators have begun to release the details in preparation for bringing criminal charges against Mr. Yousef.

He was arrested last month in Pakistan and extradited to the United States to face charges that he planned the February 1993 bombing of the World Trade Center. That bombing killed six people and injured more than 1,000.

Investigators say there is little doubt that the man who rented the Manila apartment under an alias was Mr. Yousef. The police here say that they have received a Feb. 22 report from fingerprint experts of

the Federal Bureau of Investigation to confirm this.

On Friday in New York, Mr. Yousef all but acknowledged a motive for the terrorist attacks, saying in a statement released by his lawyer that U.S. support of Israel gave Palestinians and Lebanese the right to attack American targets.

Mr. Yousef, who is trying to portray himself as a political prisoner, said in the statement that his real name was Abdul Basit Balochi, that he was born in Pakistan, and that he was a trained electronics

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Russia in Transition: A Tawdry Cat Fight

By Fred Hiatt
Washington Post Service

MOSCOW — In the beginning, it all seemed simple: Russian politics was a struggle between reformers and hard-liners, democrats and communists, good guys and bad guys.

Times have changed. Most recently, Russia's epic post-Soviet struggle seems to have dwindled to a tawdry cat fight among private companies well connected to officials.

Russia's seeming descent into corruption, chaos and war has left many here and in the West wringing their hands over the perversion of democracy. Especially since President Boris N. Yeltsin sent troops into Chechnya three months ago, an assault that continues in defiance of public opinion, the question of the day has become where democracy has gone wrong.

But democracy has not died, if only

because it was never fully created, many analysts here say. Rather, Russia today remains a proto-democracy, undeniably in transition. The important question is what Russia is to transition to.

No one can answer that yet, but some clues can be gleaned from an examination

NEWS ANALYSIS

of the extent of democracy today, of the actual capabilities of the state and of what lies beneath the convulsions of Russian politics.

"What do we have, a democracy or an authoritarian government?" asked Mark Urnov, a top adviser to Mr. Yeltsin. "In my opinion, neither one nor the other. We're in a transitional society."

Government intrusion is the norm. Laws remain less important than personal connections.

Secrecy is also the norm. Decrees are

signed but not published. Decision-making is shrouded in rumor. Connections between politicians and money are rarely revealed. When Prime Minister Viktor S. Chernomyrdin was asked in Parliament about his reported stake in the privatized natural-gas monopoly Gazprom, he did not bother to answer.

This absence of political and civil institutions, along with secrecy at the top, sharply limits ordinary people's ability to influence events.

"In such conditions, the people can't actively participate in political society, as they do in the West," Mr. Urnov said. "And if they can't, the elites will fill that vacuum."

Kremlinology is again, after a brief period of openness, a study of rumor and conspiracy.

But to a large extent, it is safe to say that what the elites — from the old Communist

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Microsoft Can't Seem to Get the Bug Out

The Associated Press

SAN MATEO, California — A flaw in Microsoft Corp.'s long-awaited Windows 95 operating system can freeze up computers that are running several applications at once.

Newspaper Prices

Andorra	9.00 FF	Luxembourg	60 L Fr
Arabia	11.20 FF	Morocco	12 Dhs
Cameroun	1,400 CFA	Qatar	8.00 Rials
Egypt	9.00 FF	Reunion	11.20 FF
France	9.00 FF	Saudi Arabia	9.00 R.
Gabon	950 CFA	Senegal	9.80 CFA
Greece	350 Dr.	Tunisia	1,000 Din
Italy	2,600 Lire	Turkey	TL 45,000
Jordan	1,10 D.D.	U.A.E.	8.50 Dm
Lebanon	U.S. 1.50	U.S. M.	(Eur.) \$1.00

Just before the preview version of the software giant's much anticipated software hit the U.S. market over the weekend, a computer magazine hit the stands with a story detailing the bug.

Microsoft has developed a software fix for the program that is supposed to deal with the problem. But the fix will not be included in the first 450,000 test copies of Windows 95 that the company has already begun to ship for previews. The fix will be shipped later.

"I fear that unless Microsoft goes back to the drawing board on this operating system, only light users will get anything out of it," said Nicholas Petreley, executive editor of InfoWorld magazine, which reported the flaw Friday.

The August release of Windows 95 is

being awaited breathlessly by the software industry and computer aficionados.

New software products often harbor minor flaws. But Microsoft, the world's leading maker of personal computer software, has delayed the debut of Windows 95 a few times, raising questions about whether there were more serious problems.

Yusuf Mehdi, a product manager for Microsoft's principal systems division in Redmond, Washington, said Friday that even without the fix, Windows 95 can run sophisticated applications.

"You can run several, but you'll run out," he said. "It's a question of quantity."

Mr. Petreley said Microsoft provided the magazine with a copy of the fix. While it helps the initial problem, he said, it can make Windows 95 less stable.

TRIUMPHANT START — Michael Schumacher celebrating his victory Sunday in the season-opening Brazilian Grand Prix in São Paulo. Page 19.

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UN Evacuates Kurds in Iraq

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Rising Yen Challenges Dollar

Major Battle Tests Rebels In Widening Algerian War

Despite Heavy Losses, Militants Show Gains in Their Ability to Fight

By T. R. Reid
Washington Post Service

TOKYO — Did Japanese police botch the Tokyo subway massacre case?

As evidence piles up to implicate a secretive religious sect in the gas attack that left 10 people dead last week, questions and criticism are starting to pop up suggesting that the police were too slow to move against the group.

The police enjoy enormous prestige here, thanks to their scandal-free history and their famed skill at solving crimes — Japan has the lowest rate of unsolved cases of any free nation. But circumstances leading up to the subway killing may undermine that image.

Essentially, the question is whether the police waited too long to mount

The police pursue murder charges against the Japanese sect. Page 5.

search-and-seizure raids against the religious sect Aum Shinrikyo — that is, whether they should have known enough to crack down before the attack.

The police are being challenged on several points. First is their handling of a mass-murder case in June, when seven people were killed in Matsumoto, in central Japan. In that case, as in the subway attack last week, the deaths were caused by the rare nerve gas sarin.

In the Matsumoto case, the police, and the press, focused for weeks on a man who is now generally considered to be not guilty. In contrast, the police did not move against Aum Shinrikyo, despite specific complaints from people in Matsumoto and evidence at the time suggesting that the sect had made sarin gas at its retreat near Mount Fuji.

Sometime after the Matsumoto poisoning, according to press reports, the police discovered that the sect had a warehouse filled with enormous quantities of chemicals — including those used to make sarin. Evidently, nobody acted on this information.

Today, Aum Shinrikyo is reportedly the chief suspect in the Matsumoto killing. In addition, people have asked how the police responded to warnings that the same gas might be used in an attack on public facilities in Tokyo.

In September, an unsigned 11-page document was distributed in Tokyo to the press and evidently to some government offices. According to newspaper reports, the document included a long description of the Matsumoto poisoning case and a discussion of the Aum Shinrikyo sect and its history of violence. It warned that subways or concert halls in the city might be attacked with sarin.

In February, an American expert

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AGENDA

Canadians Stop Spanish Trawlers

SAINT JOHN'S, Newfoundland (Reuters) — Spanish trawlers ceased fishing in disputed North Atlantic waters off the coast of Newfoundland on Sunday after Canadian fisheries officials took action against one of the vessels.

"Our goal today was to make them stop fishing," said a spokesman for Fisheries Minister Brian Tobin, "and that is the case."

Officials confirmed they had acted to halt the Spanish fleet trawling for Greenland halibut, or turbot, on the Grand Banks just outside Canada's 200-nautical-mile limit, but declined to elaborate.

Four Canadian patrol boats reportedly converged on a Spanish trawler with the intention of boarding, causing the fishing to stop.

3 Killed in Explosion At Guatemala Airport

GUATEMALA CITY (Reuters) — Three people were killed and dozens were seriously injured on Sunday when a Guatemalan Army munitions warehouse exploded at the capital's main airport. Officials and local radio reports said.

Two firemen and an army official died from severe burns after the explosion of grenades, mines, dynamite and bullets caused a huge fire at the airport. The international airport was closed and all flights suspended because of the fire. The force of the explosions blew out most windows in the airport.

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In Africa, Good Was Skewed by the Bad/A Journalist's Farewell

A Black American Confronts a Cold Reality

By Keith B. Richburg
Washington Post Service

I WATCHED the dead float down a river in Tanzania. Of all the gut-wrenching emotions I wrestled with during three years of covering famine, war and misery around Africa, no feeling so gripped me as the one I felt that scorching hot day last April, standing on the Rusingo Falls bridge, in a remote corner of Tanzania, watching dozens of discolored, bloated bodies floating downstream, floating from the insanity that was Rwanda.

The image of those bodies in the river lingered in my mind long after that.

How can I describe it? Revulsion? Yes, but that doesn't begin to touch on what I really felt. Sorrow, or pity, at the monumental waste of human life? Yes, that's closer.

But the feeling nagging at me was — is — something more, something far deeper. It's a sentiment that, when uttered aloud, might come across as callous, self-obsessed, maybe even racist.

But I've felt it before, that same nagging, terrible sensation. I felt it in Somalia, walking among the living dead of Baidoa and Baardheere, towns in the middle of a devastating famine. And I felt it again in those refugee camps in Zaire, as I watched bulldozers scoop up black corpses, and trucks dump them into open pits.

I know exactly the feeling that haunts me, but I've just been too embarrassed to say it.

So let me put it as simply as I can: There but for the grace of God go I.

Somewhere, sometime, maybe 400 years ago, an ancestor of mine whose name I'll never know was shackled in leg irons, kept in a dark pit, possibly at Goree Island off the coast of Senegal, and then put with thousands of other Africans into the crowded, filthy cargo hold of a ship for the long, treacherous journey across the Atlantic.

He was ripped away from his country and his family, forced into slavery somewhere in the Caribbean. Then one of his descendants somehow made it up to South Carolina and one of those descendants, my father, made it to Detroit during World War II, and there I was born, 36 years ago.

AND IF that original ancestor hadn't been forced to make that horrific voyage, I would not have been standing there that day on the Rusingo Falls bridge, a journalist, a mere spectator, watching the bodies glide past me like river logs. No, I might have instead been one of them. And so I thank God my ancestor made that voyage.

Does it sound like this black man has forgotten his African roots? Of course it does.

And that is precisely why I have tried to keep the emotion buried so deep for so long. But as I sit before the computer screen, trying to sum up my time in Africa, I have decided I cannot lie to you, the reader. After three years traveling around this continent as a reporter for The Washington Post, I've become cynical, jaded.

I have covered the famine and civil war in Somalia; I've seen a cholera epidemic in Zaire (hence the trucks dumping the bodies into pits); I've interviewed evil "warlords"; I've encountered machete-wielding Hutu mass murderers; I've talked to a guy in a wig and a shower cap, smoking a joint and holding an AK-47, on a bridge just outside Monrovia, Liberia. I've seen some cities in rubble because they had been bombed, and some cities in rubble because corrupt leaders had let them rot and decay.

I've seen monumental greed and corruption, brutality, tyranny and evil.

I've also seen heroism, honor and dignity, particularly in the stories of small people, anonymous people.

In Zaire, I talked to an opposition leader whose son had just been dosed with gasoline and burned to death, a message from dictator Mobutu Sese Seko's henchmen. In the Rift Valley of central Kenya, I met the Reverend Festus Okonye, an elderly African priest with the Dutch Reformed Church who endured terrible racism under the Afrikaner settlers there, and who taught me something about the meaning of tolerance, forgiveness, dignity and restraint.

But even with all the good I've found here, my perceptions have been hopelessly skewed by the bad. My tour in Africa coincided with two of the world's worst tragedies, Somalia and Rwanda. I've had friends and colleagues killed, beaten to death by



Michel Gagnon/Agence France Presse

A Rwandan refugee and her dead father, victims of Africa's violence.

mobs, shot and left to bleed to death on a Mogadishu street.

Now, after three years, I'm beaten down and tired. And I'm no longer even going to pretend to block that feeling from my mind.

I empathize with Africa's pain. I recoil in horror at the mindless waste of human life and human potential. I salute the gallantry and dignity and sheer perseverance of the Africans. But most of all, I feel secretly glad that my ancestor made it out because, now, I am not one of them.

I cannot even bring myself to write "African Americans." Is that what we really are? Is there anything African left in the descendants of those original slaves who made that long journey over? Are white Americans whose ancestors came here as long ago as the slaves did "English Americans" or "Dutch Americans"?

Somewhere along the line, I decided to become a journalist. I had studied African politics in school, even written a graduate school thesis on the problem of single-party states in Africa. I considered myself a wide-eyed realist, not given to any romantic notions about the place.

I KNEW that Africa was a continent with much poverty and despair. But what would it be like, really like, to see it as a black person, knowing my ancestors came from there? What if I found myself frightened or worse, disgusted or repulsed?

"Where are you from?" the Zairian immigration officer asked suspiciously in French, fingering through the pages of my U.S. passport.

"I think you are a Zairian," he said. "You look like a Zairian."

"I'm not a Zairian," I said in French. I was tired, it was late, I had just spent the day in the Rwandan border town of Cyangugu, just across from Bukavu in Zaire. And all I wanted to do was to get back to my room at the Hotel Residence. "Look," I said, "that's an American passport. I'm an American."

"What about your father? Was he Zairian?" The immigration man was not convinced.

"My parents, my grandparents, everybody was American," I said, trying not to shout. "Maybe, 400 years ago, there was a Zairian somewhere, but I can assure you, I'm American."

"You have the face of a Zairian," he said, calling over his colleague so they could try to assess which tribe, which region of Zaire, I might spring from.

Finally, I thought of one thing to convince him. "O.K." I said. "Suppose I was a Zairian. And suppose I

did manage to get myself a fake American passport." I could see his eyes light up at the thought. "So, I'm a Zairian with a fake American passport. Tell me, why on earth would I be trying to sneak back into Zaire?"

He pondered this for a moment, then concluded: "You are right. You are American-black American."

And so it went around Africa. I was constantly met with raised eyebrows and suspicions upon explaining that I really was an American.

Being able to pass for an African had some advantages. In Somalia, for example, when anti-Americanism was flaring as U.S. Cobra helicopters were bombing militia strongholds of General Mohammed Farrah Aidid, I was able to venture into some of the most dangerous neighborhoods without attracting undue attention.

I would simply don a pair of sunglasses and ride in the back seat of my beat-up white Toyota, with my Somali driver and AK-47-toting bodyguard up front. My biggest worry was getting caught in the cross hairs of some U.S. Army marksman or helicopter gunner who would only see what I suppose we were: three African-looking men riding around Mogadishu in a car with an automatic weapon sticking out one of the windows.

But mostly, I concluded, being black in Somalia was a disadvantage. This came home to me late in 1993. I was one of the reporters at the first public rally that General Aidid had held since coming out of four months of hiding. The arrest order on him had been lifted, and the Clinton administration had called off the humiliating and futile manhunt that had earlier left 18 U.S. soldiers dead in a single encounter. The mood at the rally was, predictably, euphoric.

I was among a group of reporters standing on the stage awaiting General Aidid's arrival. Suddenly, one of the Somali gunmen guarding the stage raced up to me and shoved me hard in the chest, forcing me down on my back. I looked up, stunned, into his wild eyes. He seemed to be pulling his AK-47 off his shoulder to take aim at me. He was shouting in Somali, and I couldn't understand him.

Finally, one of General Aidid's aides, whom I recognized, helped me to my feet. "I apologize," he said, as others hustled my attacker away. "You look like a Somali. He thought you were someone else."

Many months later I found out it wasn't only black Americans who felt the way I did. That was when I ran across Sam Msibi, a black South Afri-

can cameraman for Britain-based Worldwide Television News. I was stuck in Gikongoro, in southwestern Rwanda, and I needed a ride back to Bukavu in Zaire. Mr. Msibi was driving that way and gave me a lift.

Since joining WTN, he had covered the worst of South Africa's township wars. Mr. Msibi knew better than I what it was like to be a black journalist amid Africa's violence; he had been shot five times, in Tokosa township.

"It's a problem in Africa," he said. "When you're black, you have to worry about black-on-black violence."

Are you black first, or a journalist first?

The question succinctly sums up the dilemma facing almost every black journalist working for the "mainstream" (read: white) press. Are you supposed to report and write accurately, and critically, about what you see and hear? Or are you supposed to be pushing some kind of black agenda, protecting black American leaders from tough scrutiny, treating black people and black issues in a different way?

MANY OF those questions were at the heart of the debate stirred up a decade ago by my Post colleague, Milton Coleman, when he reported remarks of the Reverend Jesse L. Jackson referring to Jews as "Hyenas." Mr. Coleman was accused of using material that was off the record; more troubling, he was accused of betraying his race. For being a hard-nosed journalist, he suffered the wrath of much of the black community.

I have had to deal with many of the same questions over the years. And I try to explain that journalists only do their job and should expose wrongdoing no matter if the wrongdoer is black or white.

It was an argument that couldn't be won and that trailed after me as a black reporter covering black Africa. Was I supposed to travel around looking for the "good news" stories, or was I supposed to find the kind of compelling, hard-hitting stories that I would look for in any other place in the world? Was I supposed to be an apologist for corrupt, ruthless, undemocratic, illegitimate black regimes?

Apparently so, if you subscribe to the kind of Pan Africanism that permeates much of black American thinking. Pan Africanism, as I see it, prescribes a kind of code of political correctness in dealing with Africa, an attitude that says black America should bury its head in the sand to all that is wrong in Africa, and play up the worn-out demons of colonialism, slavery and Western exploitation of minerals.

I have seen black Americans coming to the land of their ancestors with a kind of touchy-feely sentimentalism straight out of "Roots." The agency was about to shut it down. It has 15 days to file a response.

The airline Ansett Australia has increased its flights to Hong Kong to five a week from three.

New Talks on Global Warming

Progress Seems Unlikely at Berlin Meeting

Reuters

BERLIN — Some 160 countries are to gather Tuesday for a UN conference to find ways to stop the warming of the Earth's atmosphere and stave off what many scientists say is a looming climatic catastrophe.

But even before the \$16 million event begins, wrangling over the cost of action and how to share the load between rich and poor countries mean the chance of progress is slim.

Industrialized countries concede that they are not meeting the targets set in Rio. The United States is 30 percent behind schedule. The European Union expects to lag by up to 8 percent.

In view of this, Germany, the host country, aims at least to get a mandate for concrete negotiations on what to do after the year 2000, leading up to the signing of a protocol in 1997.

Oil producers led by Saudi Arabia and Kuwait, fearful of losing revenue if fossil fuel use is reduced, have indicated they want the conference to take decisions unanimously.

Such newly industrializing countries as China and South Korea worry that their growth could be slowed by having to limit industrial emissions.

TRAVEL UPDATE

U.S. Airline Could Lose Certification

NEW YORK (NYT)

A small Miami-based airline that has been shut down since March 17 had been flying for years without carrying out urgent safety directives issued by the Federal Aviation Administration, the agency said, and officials have proposed revoking the line's operating certificate.

The carrier, Arrow Air, flew 18 jets, mostly on cargo flights but with some charters and scheduled service. William White, the agency's deputy director of flight standards, said that the airline was "the worst I've seen since 1979," the year he joined the agency.

Arrow Air voluntarily ceased flying on March 17 when it became obvious that the agency was about to shut it down. It has 15 days to file a response.

The airline Ansett Australia has increased its flights to Hong Kong to five a week from three.

WEDNESDAY: Central African Republic, Madagascar, Taiwan.

THURSDAY: Nepal.

FRIDAY: Malta.

SATURDAY: Burma, Cyprus.

SUNDAY: Iran.

Source: J.P. Morgan, Reuters.

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays.

MONDAY: Burma.

TUESDAY: Serbia.

Wednesday.

Thursday.

Friday.

Saturday.

Sunday.

Monday.

Tuesday.

Wednesday.

Thursday.

Friday.

Saturday.

Sunday.

THE AMERICAS

Retirement? Most Americans Have Grown to Fear It

By Louis Uchitelle
New York Times Service

NEW YORK — Americans are scared. They are looking toward retirement not with the optimism of their parents, but with fear.

Three out of four working Americans expect people their age to face a financial crisis when they retire, according to a New York Times/CBS News poll. More than half say they have not begun to save for retirement.

And many see themselves reaching old age without the company-paid pensions and Social Security that allowed their parents to live comfortably.

The new economics of retirement are forcing Americans who want to build a retirement nest egg to wade into the confusing world of stocks, bonds and mutual funds. They know they must become smart investors to pay for old age.

But the poll, and interviews later with some of those surveyed, showed they are largely unprepared psychologically and financially. Even the well-off, as they go through life enjoying its comforts, are nagged by concern that their well-being will disappear when they retire.

"We have two beautiful cars and a lovely home and our kids get guitar lessons and dancing lessons and much more than we did," said Donna Cuevas, 39, whose husband, Hiram, a doctor in Tampa, Florida, earned \$140,000 last year. "But we have saved only \$30,000 and it is all in bank accounts, not invested for retirement."

The disappearing world of prosperous old age had company pensions and Social Security as its pillars. Nearly nonexistent before World War II, they mushroomed and flourished until the mid-1980s, then began a slow decline as cost cutting became a national obsession.

People older than 50 are still largely protected by the old system. But for everyone else, it is slipping away. And their growing realization of just how unprepared they are is beginning to show up in opinion polls.

Bracing themselves, 20 percent of working Americans have postponed planned retirements, the poll found. Forty percent of those with savings — a chief requirement of the new system — say they started saving too late to adequately support themselves in old age.

And while company pensions and Social Security are in decline, 53 percent of the working

population cling to them anyway as major sources of the income they hope to have when they stop working, the poll showed.

"Lurking in many of our minds is the idea that somehow the government will take care of us, if we can't take care of ourselves," said Alan Auerbach, an economist and tax specialist at the University of California at Berkeley. "They see retired people doing O.K., and they say 'I'll be that way too.' But they won't."

The change is especially hard on middle-income people earning \$30,000 to \$100,000, said Diana Colasanto, president of Princeton Survey Research Associates. More than others, they still count on company-paid pensions and Social Security for the bulk of their retirement income, she said.

Most Americans earn less than \$30,000 a year. And perhaps because they are already tight for money, those lower-income earners see themselves as less likely than middle-income people to be forced to reduce their living standards even further in retirement, the poll found.

Many young Americans are indeed beginning to set up retirement accounts, lured by the tax breaks the accounts offer. Many companies en-

courage the process, while freezing the amounts that the pension plans will pay retirees in the future.

But few people actively manage their new savings. Three-quarters of those who do have investments "rarely" buy or sell their stocks or shift savings from one mutual fund to another, the poll found — although rapid compounding of one's savings is essential to generate enough income for retirement.

As a result, these accounts earn less than company pension funds managed by professionals. About 17 million Americans have retirement savings accounts, up from 11 million in 1985. The most popular is a 401(k) plan that exempts a portion of a salary from taxes.

Nearly 30 percent of working Americans with savings have such accounts, according to the poll, which was conducted March 9 to 12 and had a margin of sampling error of 3 percentage points.

But the median 401(k) account holds only \$5,000, the Pension Rights Center said. That is laughably below the \$1 million that experts say one should save to generate \$30,000 a year in retirement income.

POLITICAL NOTES

Gingrich Dilemma for Ethics Panel

WASHINGTON — Newt Gingrich, the House speaker, faces a critical turn this week in the ethics inquiry into his conduct when a congressional panel considers whether to continue his investigation or bring in an independent investigator to take over the politically charged case.

The decision could have profound implications for the Georgia Republican. Naming an outside counsel — a procedure congressional ethics committees have used to ensure impartiality in high-profile cases — could set in motion a potentially far-reaching and expensive inquiry.

Not naming one, however, could leave the House ethics committee and particularly its chairwoman, appointed by Mr. Gingrich, open to complaints of favoritism or of ducking a tough decision. The committee has had preliminary discussions about the timing of hiring an outside consultant and, on Tuesday, it will begin deliberations in earnest on whether to retain one, congressional sources said.

For his part, Mr. Gingrich has dismissed the complaints as politically inspired mudslinging by embittered Democrats. Since September, four ethics complaints have been filed against him, including one that accuses him of trading on his official position by allowing a bidding war that resulted in a \$4.5 million book contract with a publishing house whose owner has interests before Congress. (WP)

Making Weapons Cheaper to Buy

WASHINGTON — After months of disagreeing on just about everything, the Clinton administration and Republican leaders have found something to work together on: making U.S.-made weapons cheaper for foreign countries to buy.

This week, in a rare move for the bitterly partisan 104th Congress, Republicans will introduce a bill written by the administration to repeal a tax on U.S. weapons sold to foreign countries. To the dismay of arms-control advocates, the administration and the Republicans agree that the move would enhance national security, create jobs and give U.S. arms makers — which already supply 70 percent of the world's weapons — a needed edge over competitors.

The levy was originally imposed to recover government research subsidies to U.S. arms manufacturers. (WP)

Ex-Reagan Aide Runs for President

SAN DIEGO — Alan Keyes, a radio talk show host and sometime foreign affairs aide to President Ronald Reagan, entered the Republican presidential race Sunday.

The 44-year-old host of "America's Wake-Up Call" on WCBM in Owings Mills, Maryland, announced his candidacy at the convention of the California Republican Assembly, a coalition of more than 100 conservative clubs in California.

Mr. Keyes, who was a State Department policy planner and ambassador to the United Nations Economic and Social Council, said he would make abortion the No. 1 issue of his campaign. He accused two other Republican presidential hopefuls — Senator Phil Gramm of Texas and the commentator Patrick Buchanan — of "putting it on the back burner."

In a fiery speech to 300 Republican activists, Mr. Keyes outlined a staunchly conservative pro-family, pro-church, anti-tax platform attacking what he described as "this phony doctrine of separation of church and state."

"We don't have the right to separate church and state. We must respect the authority from God," he said. (AP)

Quote/ Unquote

Conrad DeVine, 21, on the revelation that a paid CIA informant was apparently responsible for his father's death in 1990 in Guatemala: "I've always wanted to get to the bottom of his death. I've wanted peace. Now that I read that the CIA is somehow involved, I'm really confused." (LAT)

New Hours for Simpson Trial

Los Angeles Times Service

LOS ANGELES — After less than two weeks of shortened court hours in the O.J. Simpson double-murder trial, Judge Lance A. Ito has decided to go back to a full schedule on most days because sequestered jurors had too much idle time.

Under the previous schedule, which lawyers in the case had requested because of their heavy work schedules, court ended at 3 P.M. Monday through Thursday, and at noon on Fridays.

Away From Politics

• Three men were killed and a woman was wounded in a shooting on a tense Seneca Indian reservation in western New York, where rival factions for the tribal leadership have clashed repeatedly in recent weeks, officials of the Seneca tribe and Erie County said. (NYT)

• A New York City couple has been found hattered to death in the woods of the Poconos Mountains near Tobyhanna, Pennsylvania. Lowell Engel, 68, and his wife, Susan, 50, probably died several weeks before they were found, the Monroe County coroner said. (AP)

• A judge spared a triple killer the death penalty, citing mitigating circumstances that included the trauma of resorting to cannibalism while escaping from Vietnam. Trahn Trung Le, 28, was sentenced to nine life terms for stabbing to death the wife and two children of his former employer, a shrimperman, also from Vietnam. (AP)

• Federal agents were ready to stage a drug raid on a public-housing complex in Washington when somebody noticed that the news was already out — in broadcast reports based on an announcement by the city housing authority. "We would like to state that this error of timing in no way diminishes our commitment to law enforcement agencies to eliminate gangs and other criminal activity at public housing developments," a public housing spokeswoman said.

Tony Low, a New York Times reader, tells in the "Metropolitan Diary" column of standing in line at a supermarket checkout counter whose cashier wore a forbidding scowl.

"Finally a woman in front of me asked the cashier if she ever bothered to acknowledge customers or at least thank them for shopping at the store."

The cashier's reply: "I don't have to say 'Thank you.' It already says that on your receipt."

Speaking of trees, the Japanese cherry trees are once again beginning to bloom in

Washington around the Tidal Basin, the Jefferson Memorial and the Mall — about 3,000 trees in all. The trees date to 1912, a gift from the mayor of Tokyo to President and Mrs. William Howard Taft. About 200 of the original trees survive.

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Short Takes

The peeling white bark of a common birch tree may contain a weapon against the deadly skin cancer melanoma. A substance found in birch bark shrunk human melanoma tumors in mice, virtually eradicating some cancers, according to researchers at the Chicago branch of the University of Illinois. They said it worked better than the drug most commonly used in people to treat melanoma. The compound, betulinic acid, caused no apparent side effects in the mice. Testing on humans may begin in a year or so. Researchers cautioned that no body knows yet whether the substance will help melanoma patients.

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International Herald Tribune.

Clinton Criticizes Welfare Bill And Gingrich Concedes Need for Negotiations

By Robert Pear
New York Times Service

WASHINGTON — President Bill Clinton has denounced major elements of the welfare bill approved by the House of Representatives, and the speaker, Newt Gingrich, has acknowledged that he would have to negotiate with Mr. Clinton on the legislation.

The bill, which would make the most profound changes in welfare programs since the New Deal, also faces serious obstacles in the Senate. Senator Daniel Patrick Moynihan of New York, the senior Democrat on the Finance Committee, denounced the measure as "draconian."

Still, Republican senators appear ready to accept the House proposal to establish block grants to the states in place of the main cash welfare program.

The program, Aid to Families With Dependent Children, is now an entitlement for any one who meets the eligibility criteria set by federal and state

and skills they need to get and keep jobs. It even cuts child care for working people struggling to hold down jobs and stay off welfare."

Mr. Clinton did not threaten a veto, however. Administration officials said there was no point in making such a threat because they assumed the bill would be substantially modified in the Senate.

In any event, they added, Mr. Clinton wants to be able to fulfill

The House bill would actually make it harder for many people to get off and stay off welfare.'

President Clinton.

fill his 1992 campaign promise to "end welfare as we know it" and to "scrap the current welfare system."

Mr. Gingrich acknowledged that the president would have a say, even though Republicans control both houses of Congress.

"I think we're going to have to negotiate with President Clinton on welfare reform," Mr. Gingrich said in a television interview. But he added that he believed Mr. Clinton, as

Disney Deal For a Prince

Reuters

LONDON — Prince Charles has agreed to a deal with the Walt Disney studios to market a video of a cartoon called "The Legend of Lochinvar," which he wrote 25 years ago, according to the Sunday Times.

The London weekly said the heir to the throne and the Hollywood company negotiated the deal, which could bring the prince more than \$1 million (\$1.6 million), last November in Los Angeles. Profits from the Disney deal will go to The Prince's Trust, a young people's charity founded by Charles.

AMERICAN TOPICS

The Long Afterlife Of Hollywood Clichés

"Life is like a box of chocolates: You never know what you're going to get," the golfer Nick Faldo said earlier this month after winning the Doral-Ryder Open and \$270,000, echoing the eponymous hero of the film "Forrest Gump."

"Better face it," writes Bruce Weber in the New York Times. "Another all-purpose cliché has been spawned, and it is spreading uncontrollably."

So it is with Arnold Schwarzenegger's "Hasta la vista, Baby," and Clint Eastwood's ironic "Go ahead, make my day."

People who were not even alive in 1967, the year "Cool Hand Luke" was released, are apt to sum up any common misunderstanding with: "What we have here is a failure to communicate." (It wasn't Paul Newman who said it, but Strother Martin, playing the sadistic chain-gang boss.)

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Tokyo Police Widen Probe of Sect to Include Murder

The Associated Press

OSAKA, Japan — The Tokyo police department said formally Sunday that it was now investigating whether to pursue murder charges against the sect suspected of a subway gas attack. It originally had said it was investigating the sect for kidnapping.

It was the most explicit link the authorities have made so far between the religious sect Aum Shinrikyo, or "Supreme Truth," and the March 20 attack, in which they said the nerve gas sarin was released in several subway cars during rush hour.

On Sunday morning, about 150 officers of the Tokyo Metropolitan Police staged a new raid on the sect's main compound in Kamikusiki.

For Sect Leader, a Long Obsession With Money and Power

By Nicholas D. Kristof
and Sheryl WuDunn
New York Times Service

TOKYO — As a boy attending a school for the blind, Shoko Asahara was weak-sighted but had better vision than his classmates. So he emerged as a king of the school, the one who would lead his buddies off campus when they wanted a restaurant meal.

In exchange, they would pick up his bill.

Mr. Asahara, now 40, has come a long way since then: He rides in a Rolls-Royce instead of on a bicycle, and he has built a multinational religious sect, a business empire worth tens of millions of dollars and a stockpile of chemicals sufficient to create enough nerve gas to kill perhaps millions of people.

Yet that image of the teenage Shoko Asahara as the manipulative guru of a boarding school, where he is the one people must depend on, where he interprets the surrounding world, where he makes the money, seems to hold true today.

By some accounts, the commandments of Mr. Asahara's religious sect, Aum Shinrikyo, are attempting to recreate the culture of his childhood school for the blind.

International concern about terrorism has traditionally focused on political groups with machine guns, plastic explosives and the backing of a para-government. But Mr. Asahara shows that it is also possible for a bizarre religious figure with no governmental support to acquire in a few years the capability to engage in something closer to war than terrorism.

Japanese newspapers have estimated that Aum's chemical stockpile could create enough nerve gas to kill 4 million to 10 million people.

There is no evidence that this was Mr. Asahara's intention. But by some estimates he could have created 50 tons of the nerve gas sarin from his chemical stockpile and then achieved the kind of urban Armageddon that has been predicting.

"As we move toward the year 2000, there will be a series of events of inexplicable ferocity and terror," reads one of Aum's booklets. "The lands of Japan will be transformed into a nuclear wasteland. Between 1996 and January 1998, America and its allies will attack Japan and only 10 percent of the population of the major cities will survive."

Intelligent, soft-spoken, married with six children, Mr. Asahara is a far more complex figure than the cardboard image of a cult leader would suggest. He may wear a long beard, shocking pink robes and a beatific smile, but what is striking about his sect is that it is not a one-man show.

He has attracted a core of bright young university graduates and trained scientists to help him in his missions, whether those are attracting recruits or synthesizing chemicals.

Mr. Asahara denies any involvement in the subway attack



Yoshikazu Tsuno/Agence France-Presse
A watchman at the sect's commune in Kamikusiki, Japan, listening to tape by its leader.

last Monday in which 10 people died and 5,500 were injured. The police have not made public any evidence that he was responsible, but the police raids and discovery of chemical ingredients of nerve gas suggest that Aum is a prime suspect.

In any case, for a spiritual leader, Mr. Asahara has shown a remarkable fascination with the temporal and chemical. And his speeches have often mentioned such nerve gases as sarin, which the police say was used in the subway attack.

"It has become clear now that my first death will be caused by something like a poison gas such as sarin," Mr. Asahara said a year ago, without explaining what he meant by his "first death." At that time, almost nobody in Japan had heard of sarin.

Mr. Asahara was born with the name Chizuo Matsumoto in a village in the southern island

of Kyushu. The son of a tatami mat maker, he grew up as the sixth of seven children.

One of his older brothers had almost no vision and attended a school for the blind. His parents apparently decided to send Mr. Asahara, who had weak but adequate vision, and his younger brother, who had normal eyesight, to the same school for economic reasons. The children would receive a government subsidy and free meals.

Shoko Egawa, author of a critical biography of Mr. Asahara, suggests that he was obsessed in school with acquiring money and power. Mr. Asahara had \$30,000 by the time he graduated from high school, and he also ran unsuccessfully for the posts of student body president in elementary, junior high and senior high schools.

Mrs. Asahara is said to have come a senior executive in Aum Shinrikyo, and one of their children, an 11-year-old girl, is also said to be prominent in the sect. But very little is known of the family's life.

In the early 1980s, Mr. Asahara opened up a shop selling Chinese medicine. He is said to have made hundreds of thousands of dollars selling potions like tangerine peel in alcohol, and in 1982 he was arrested and fined for selling fake drugs.

Mr. Asahara did show the first signs of his later mastery of physical fitness and body con-

trol, earning a black belt in judo while still in school.

Although he spoke of attending medical school, he reportedly failed exams and never attended college. Instead, he moved to a Tokyo suburb to work as an acupuncturist. It was at this time, in 1978, that he met a college student, Tomoko Ito, and married her.

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Mr. Asahara became interested in yoga, and scholars say

he became an excellent yoga practitioner, with very good control over his breathing technique. In 1984, he launched a company called Aum that ran a yoga school.

He traveled to India and Nepal to study Hinduism and Buddhism, and he came back with photos of himself with senior Tibetan lamas, including the Dalai Lama. He used these photos to portray himself as an internationally respected religious authority, and his yoga school became very successful.

In 1987, with just 10 followers, Mr. Asahara founded Aum Shinrikyo as a religious sect. It emphasized some Tibetan Buddhist teachings and yoga practices, including meditation and breathing control.

Of Japan's 185,000 religious organizations, most are Buddhist or Shinto shrines, but since the 1970s there has also been a growing number of sects like Aum Shinrikyo. Young people turned off by Japan's materialism and searching for something to believe in found a home in such groups.

In its pamphlets, Aum says that it can help people develop supernatural powers. It shows photographs of Mr. Asahara and others "levitating" in the yoga position, a few inches off the ground, but videotapes of the group indicate that this is achieved by jumping energetically on the floor.

Aum also emphasizes the use of computers and scientific experimentation, and it offers recruits special headgear of batteries and electrodes so that they can supposedly align their brain waves with Mr. Asahara's. At each step of the way, followers are asked to donate large sums of money.

Perhaps because of the emphasis on science, Mr. Asahara was able to recruit bright but discontented university students from such top institutions as Tokyo University. Many were trained in the sciences.

"There are many sophisticated people among the members," said Yoshiro Ito, a lawyer who has represented parents trying to recover their children from the sect. "They come from elite families."

As a result, Aum is not a one-man operation. Mr. Asahara's deputies are subordinate but powerful, and there is no doubt about their intellectual prowess.

Aum's chief spokesman, for example, is Yoshinobu Aoyama, 35, a lawyer and a graduate of Kyoto University.

Mr. Aoyama took yoga classes from Mr. Asahara and then in 1989 renounced his wife and daughter and became a monk in Itoh.

Some scholars say that Mr. Asahara was a third-rate theologian but a first-rate salesman and expert in mind control. Suwa Oda, a professor of psychopathology at the University of Tsukuba, says Mr. Asahara used methods like sensory deprivation, sleep deprivation and food deprivation, and perhaps drugs as well.

There have been persistent reports of Aum using drugs, probably primarily as hallucinogens to evoke the supernatu-

ral (5-mile) route as a truck carried her flag-draped coffin from her home to the cathedral in this city southeast of Manila.

When the cortège reached the cathedral, the police tried to close the massive wooden doors because the building was already jammed. The crowd surged forward and forced open the doors as police scuffled to drive them back. At least five women fainted inside the packed cathedral and had to be carried outside.

After the Mass, the crowd marched behind the coffin as mourners carried it to a cemetery.

Opposition groups ranging from Marxists to former soldiers who had launched campaigns against former President Corazon C. Aquino transformed the funeral into an outpouring of hostility against President Fidel V. Ramos.

Critics say Mr. Ramos's economic policies favor the elite and have forced an estimated 2.5 million Filipinos to seek jobs abroad. Overseas workers send back about \$1 billion a year and are the nation's largest source of foreign currency.

Opposition politicians have made the maid's case an issue in the May 8 elections.

Members of Mrs. Contemplacion's family stood on a truck bed as marchers, many carrying the red banners of leftist organizations, marched alongside shouting, "Down with the U.S.-Ramos government!" and "Stop sending workers abroad!"

Q & A: The Rising Danger of Religious Terrorism

Bruce Hoffman, director of the Center for the Study of Terrorism and Political Violence at St. Andrews' University in Scotland, warned the Pentagon in a report two years ago of the growing likelihood of religious terrorism. In an interview with Barry James of the International Herald Tribune, he discussed the subject in light of the allegations that the Aum Shinrikyo religious sect was behind the nerve gas on the Tokyo subway last week.

Q. Is the suspected involvement of this sect a taste of things to come?

A. Yes. The most dangerous threat today isn't from the "professional" secular terrorists who have dominated subnational conflicts, but from cults motivated by a religious imperative. This is particularly so as we approach the millennium because these groups may feel emboldened to undertake acts of massive indiscriminate killing to hasten redemption or bring about the return of a messiah. Even if we reach 2001 without disaster, we will still not be out of the woods because the groups may then feel that they had not been violent enough.

Q. Is it a worldwide phenomenon?

A. Definitely. People have tended to look at terrorism motivated by religion as a phenomenon restricted to the Middle East and fanatical Muslims. But the same traits and legitimization of violence based on a religious imperative or theological doctrine, especially the embrace of violence as a sacramental and transcendental act, is very common among Christian white supremacists in the United States.

In 1984, they plotted to poison the water supplies of Washington and Chicago. And when the FBI raided

the World Survivalist compound in Mountain Home, Arkansas, in 1985 they found a stockpile of 30 gallons of cyanide.

At that time, we were looking at people like Abu Nidal and Carlos as the world's most infamous terrorists, yet here we had people plotting to kill the populations of entire cities.

Q. Are there common patterns to these groups?

A. Several. Their leaders invariably preface their names with priest or reverend, rabbi, mullah or ayatollah. They claim that they speak for God. They command their followers to go out and commit violence with the admonition that God will it. Virtually all these sects say that if a follower happens to die in the commission of these acts he will immediately ascend to glorious heaven. All of these groups have a profound sense of alienation and have deliberately withdrawn from society.

Q. Can you suggest ways of dealing with the problem?

A. I think we have to find ways of countering their alienation. The Branch Davidian incident in Waco, Texas, was a lesson. According to the FBI, there are about 150 cults like the Branch Davidians scattered throughout the United States, and they are increasing as we get closer to the year 2000.

Q. But you cannot expect governments to turn a blind eye to criminal acts.

A. No. The only viable solution in the long term is to

have good intelligence to find out what these groups are up to. Since the fall of the Berlin wall, intelligence agencies have been looking for a mission, and with the event in Tokyo, I think they have found it.

Yet most intelligence agencies, the CIA included, don't pay much attention to this kind of thing. They rely mostly on satellites and electronic intelligence, even though the main threat right now comes from these amateur terrorists — people who don't even know that they are terrorists who are completely unpredictable and who have motivations that are incomprehensible for us.

They are dangerous, because they think in exponentially more violent terms than ordinary terrorists. They talk about killing thousands or tens of thousands and they don't mind going too, so you have to have an intelligence capability to anticipate, prevent and preempt them.

Q. In 1966, the U.S. Army distributed a relatively harmless bacteria in the New York subway system to find out how vulnerable it was to chemical or biological attack. In light of this, do you think governments should do the Tokyo attack coming?

A. I would say no. People in the West have lowered their guard. There has been a slow dismantling of counterterrorism capabilities both in the United States and the United Kingdom. Tokyo did not come as a surprise to terrorism experts. We knew it was going to happen one day. But in terms of having the resources and being prepared to deal with it, the threat is completely off the map.

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INTERNATIONAL

Hillary Clinton Opens South Asia Tour in Pakistan

By Molly Moore
Washington Post Service

ISLAMABAD, Pakistan — Hillary Rodham Clinton began a 10-day tour of South Asia on Sunday to highlight women's and children's issues in a region that boasts one of the world's worst records for the oppression and abuse of women and female children.

Mrs. Clinton's trip — with visits planned to villages, schools and an orphanage run by Mother Teresa — is designed to balance a series of visits to the region by Clinton cabinet members who focused on national security and trade issues.

White House officials say they also hope the tour through Pakistan, India, Nepal, Bangladesh and Sri Lanka will give Mrs. Clinton a respite from the political battering she has taken since the defeat of the Clinton health plan.

TERROR: Planes Nearly Bombed

Continued from Page 1

engineer and explosives expert. A police report released in Manila in recent days said a document found in the apartment here led him directly to the bombing of a Philippine Airlines 747 on Dec. 11 as it flew from the Philippine city of Cebu to Tokyo. The bombing killed a Japanese passenger and wounded 10.

The report said "several entries on a seized document specifically cited" Mr. Yousef as having "personally planted the bomb on the life-vest jacket" beneath the seat of the Japanese passenger.

According to the report, Mr. Yousef, traveling under the name Amaldo Forlani, had left the bomb in the life vest during an earlier leg of the flight from Manila and had departed when the plane stopped in Cebu before it continued to Japan.

U.S. and Philippine officials had said earlier that the bombing of the Philippine plane was intended as a practice run for attacks on U.S. air carriers. Until recently, the police had refused to detail how these attacks were to have been carried out.

But according to a new report from the Philippine National Police, the computer disk found in the Manila apartment contained files showing that Mr. Yousef had directed a colleague, identified as Saeed Akman, to fly from Manila to Singapore on Jan. 20, using a false passport.

The next day, according to

But in a region where the United States has some of its weakest national security, business and social links, and where anti-American sentiment is always a component of domestic political agendas, Mrs. Clinton is studiously trying to avoid any sort of controversy.

Her staff said repeatedly Sunday that she did not plan to initiate discussions about such sensitive issues as the spread of nuclear weapons or human rights. And Mrs. Clinton, in an interview before her departure from Washington, said, "I'm not about to go and try to tell anybody what to do."

It may be difficult to avoid controversy on a trip to a region where three governments are led by women who are frequently criticized by women's organizations for doing far too little to help the oppressed women of their nations.

Even so, Mrs. Clinton will have a far more substantive program than that of Jackie Kenne-

dy, who toured Pakistan and India in 1962 and who faced a local press that commented mostly on her wardrobe and her camel-riding skills.

On the first day of her first international tour without her husband, Mrs. Clinton and her daughter, Chelsea, played it safe.

In a meeting with Prime Minister Benazir Bhutto of Pakistan, she basked in the symbolism of two powerful women sharing mutual concerns; she also ate a lobster lunch with some of the most successful women politicians, artists and leaders of a nation where the repression of women is endemic, and donned a scarf and discarded her shoes to tour one of the Islamic country's largest mosques.

In remarks at lunch with Mrs. Bhutto, Mrs. Clinton said she hoped her trip to Pakistan would "reaffirm the partnership and friendship between our two countries."

That friendship has been severely strained in the last several years, with the United States'

criticism of Pakistan's nuclear program and its 1990 decision to sever all military and most social aid to a country that served as its frontline facilitator during the Soviet invasion of Afghanistan.

The State Department also has strongly criticized Islamabad's failure to control drug trafficking and terrorism, at one point threatening to declare its old ally a terrorist state.

Mrs. Bhutto, who will visit the United States next month, has said she would welcome American efforts to assist Pakistan in arresting terrorists, especially in the aftermath of the shooting deaths of two U.S. Consulate employees in Karachi two weeks ago.

On Sunday, however, she stressed her kinship with Mrs. Clinton, pointing out how both have endured relentless criticism for their roles as strong women in politics.

"Women who take on tough issues and stake out new territory are often on the receiving end of ignorance," Mrs. Bhutto said.

Papal Encyclical to Attack a 'Culture of Death'

Reuters

VATICAN CITY — Pope John Paul II said Sunday that his new encyclical on life would defend the rights of the unborn and the handicapped and denounce a "culture of death" marked by abortion and euthanasia.

In St. Peter's Square, the Pope said that Evangelium Vitae (The Gospel of Life) would be a "meditation on life" responding to what he called disturbing

contradictions in modern society. The 180-page encyclical will be published Thursday.

Church sources also expect it to take on embryo research and artificial conception, setting limits on what medical practices Catholicism can permit.

It also is expected to restate the Church's position that capital punishment should be used only under extremely exceptional circumstances.

The Pope said a "worrying culture of death" pervaded modern society. It was marked "above all by attacks against the life of those about to be born and that of the elderly and the terminally ill."

He added: "The legitimization of abortion and the growing demands concerning euthanasia are both signs of a defeat of the culture of life."



Memorial to Gypsy Victims

The Associated Press

FURSTENBERG, Germany — A monument to Gypsies killed by the Nazis was dedicated Saturday in the former Ravensbrück concentration camp, near this town in Brandenburg, north of Berlin.

A police officer checking for traces of gas around the Aum Shinrikyo compound.

the police were suspicious and led to the attack the next morning.

The police record so far on the biggest murder case here in decades has also spawned open questioning of police tactics and procedures.

Kimura Taro, a commentator for the TV-Fuji network, raised the issue on his national news show, asking whether various branches of the police had adequately shared the information they had on the sect.

The tabloid newspaper Nikkan Gendai criticized the police on Saturday, saying they should have moved against Aum Shinrikyo long before the subway attack.

"Police knew the Aum cult had an enormous quantity of dangerous chemicals," the paper said. "Why didn't they launch their sweeping search earlier?"

Others have asked whether the plan to launch the raid might have been leaked to sect leaders. According to press reports, a woman who was held captive by the sect at its mountain-side retreat said members had told her that the police were going to raid the next morning. They did.

Some commentators suggested that the police were intimidated by the prospect of dealing with a religious group.

The difference in police approaches to the Matsumoto and Tokyo attacks may indicate how nervous the authorities can be about dealing with a religious group.

In the Matsumoto case, the police quickly signed a warrant for murder against the initial suspect, a businessman; they searched his house and questioned him at length.

But in Tokyo, where the religious sect was the main suspect from the beginning, the police brought a warrant charging kidnapping, not murder. It was only Sunday that they upgraded the charges to "preparation for murder."

Travelers Test Day 1 Of Borderless Europe Control-Free Schengen Area Becomes Reality in 7 Nations

Compiled by Our Staff From Dispatches

SCHENGEN, Luxembourg —

The European Union moved closer to a frontier-free federation on Sunday when seven of the 15 EU countries threw open their internal borders and travelers glided through airport arrival halls unchecked.

The first day of the so-called Schengen agreement — embracing Belgium, France, Germany, Luxembourg, the Netherlands, Portugal and Spain — went without a hitch. Airport officials and border guards said there were no lines and little confusion.

Passengers traveling between the seven countries can now leave from domestic rather than international airport terminals and will not be subject to identity checks.

Although passengers arriving from Schengen countries will not have to show passports, they will still have to show proof, in the shape of a boarding pass, that they are traveling from a Schengen territory.

While these passengers can walk through customs unhampered, nationals from countries outside the Schengen space will have their passports checked on arrival in a Schengen country.

Afterward, these travelers may move freely through other Schengen countries.

Passport checks at borders outside the Schengen countries will be tightened, meaning longer waits for travelers arriving by plane from the United States, Asia and Africa, and those entering Germany by road from Eastern Europe.

The system involves strengthened external border controls and a centralized information system to track criminals. The computer holds 10 million files and the names of 1 million people considered undesirable.

In the Luxembourg town of Schengen, where five of the seven signed the accord in 1985, about 400 people celebrated the pact.

"This is a historic day for all seven countries, but also for all the EU," the Luxembourg energy and public works minister,

Robert Goebbels, told the guests.

The accord is the most ambitious step yet from within the European Union to allow people to travel without needing to show their passports. Participants hope the pact will eventually extend to the eight other EU members.

"Schengen can be understood as a precursor to complete freedom of movement in all of Europe," Foreign Minister Klaus Kinkel of Germany said.

Italy and Greece also have signed the convention and will join when their information systems have been adapted. Austria, an observer since July 1994 and an EU member since Jan. 1, is to sign next month but will take time to participate fully.

(Reuters, AFP)

ALGERIA: Major Battle

Continued from Page 1

casualties. The two newspapers reported that the rebels had brought in forces from several regions of West Algeria, some being trucked for more than 200 kilometers.

The Algerian government appeared to confirm the scale of the military operation by allowing the publication of the details. Normally, reports on security operations are banned under a censorship policy that restricts reporting on any army activities by the local press.

The military developments coincided with a further hardening of the government's position on negotiating an end to the conflict with the fundamentalists.

In yet another rejection Sunday, the government turned down an offer by King Hassan II of Morocco for a peace conference in his country to seek an end to the Algerian civil strife. The invitation was extended in an interview Saturday with Le Monde, the Paris daily.

SINGAPORE AIRLINES

ALL AROUND THE WORLD



DPV 150

CAREERS

How to Head-Hunt (and Survive) in East EuropeBy Erik Ipse
International Herald Tribune

LONDON — Last year when ICL International wanted to hire a finance director for its Russian operation, it got in touch with a headhunter in Moscow. In due course, the headhunter presented the British computer maker with four strong candidates; a favorite was then singled out; and a job offer was made.

It was only then that ICL discovered how precious Western financial skills have become in Russia. The man the company had hoped to lure, with a salary well above what he had been making, unexpectedly balked. His employer not only exceeded ICL's offer but also agreed to grant him a large, long-term, interest-free loan.

"It is wrong to assume that there are any rules of engagement in attracting and retaining people in Moscow," said Ken Campbell, ICL International's director of personnel. He and others insist that the corporate handbook with its clear guidelines about how often raises can be granted, on what basis and by how much must be replaced. Instead, the rule of necessity or simply of survival should apply.

In the end, ICL did what many companies in Moscow have done in similar circumstances: They brought in an expatriate,

on the simple calculation that it would be cheaper than hiring locally.

Experts advise that of all the positions to fill and of all the places to try to do it, trying to find a financier in Moscow is among the hardest of recruiting tasks in Eastern Europe and the former Soviet Union.

"Communism did not produce accountants," said Andrew Warren, the executive partner who directs Coopers & Lybrand's effort in Central Europe. "It did not need them."

Compounding the problem of a regional paucity of individuals with Western-style accounting and financial skills is a soaring demand from foreign companies in Moscow in particular for just such talents.

"Our business is extremely booming in Russia," said Hans Jorda, managing partner for headhunters Korn/Ferry Carre/Orban in Eastern Europe.

As an example, there were only a couple of items in the weekly job listings in the English-language Moscow Times two years ago. Now the weekly jobs section fills seven or eight pages.

With demand soaring, so too have prices. Two years ago Bill Plotvin, managing partner at Deloitte & Touche CIS in Moscow, recalls looking for a chief financial officer for a Western client at the then market wage of \$1,000 a month. A year ago, that same person took another job at

\$4,000 a month. Just recently, said Mr. Plotvin, a Russian firm offered the same person \$100,000 a year plus a car — an offer he promptly accepted.

With that kind of wage inflation, all employers get nervous. Increasingly, however, the emphasis among Western companies has shifted to a rear-guard action of finding ways to keep local staff happy and on board.

Clair Chapman, the Vienna-based personnel director for PepsiCo, said that after hiring thousands of people the company had shifted to retention mode.

By virtually all accounts, the hallmark of that mode is education. The key to retaining people, said Mr. Jorda of Korn Ferry, is "train, train, train."

By doing that, foreign companies build loyalty by demonstrating a commitment to their employees and by offering them a vision of a clear career progression.

In the end, these practices greatly add to the cost of doing business in the region. Some accountants say that it is the high cost of training that has helped to make accounting fees in Russia among the highest in the world.

Others point out that training can have unwanted side effects, such as adding to an employee's allure in the market.

"These people are like gold dust," said

Mr. Warren. "Western firms coming here needing Western-style controllers are going to be prepared to pay a king's ransom."

On a less extreme scale, ICL has suffered from the same threats. With roots that go back nearly 30 years in Eastern Europe, the computer company was an easy target for newer entrants who have swarmed into the market in recent years.

"When the market opened up in places like Poland three or four years ago, we were subject to quite a lot of head-hunting," said Mr. Campbell, whose firm offers all employees a minimum two to three weeks of off-the-job training annually.

In the more advanced countries in the region, like Hungary, Poland and the Czech Republic, the recruiting market has settled down. There good managers now command salaries that are around 60 percent of those available in the West, versus 10 percent a few years ago.

More importantly, however, Western businessmen say that in those more advanced countries there is now a relatively clear notion of what a market rate for a given job will be. In some cases, that consensus is no accident.

Several years ago, for example, computer companies ranging from Unisys and Hewlett-Packard to Rank Xerox and ICL formed a group that meets twice yearly to



Nikola Asenc-IHT

practices have been mirrored by shifts in the attitude of the labor force itself in the more mature markets. "Local managers are beginning to realize that they cannot job hop endlessly without paying a penalty at some point," says Tibor Voros, the head of Korn Ferry's Budapest office.

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The Paul H. Nitze School of Advanced International Studies

EDITORIALS/OPINION

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Tokyo Murder Mystery

Poison gas is a terrifying weapon. There can be few people who ride the subways in any of the world's great cities who have not thought, during the rush hour crush, of the Tokyo murders. They were obviously the work of a group of people working together, since the gas was released more or less simultaneously on at least five trains. But everything else about the incident is still wrapped in mysteries that with each revelation become more bizarre.

At the mountain retreat of the unsavory mystical sect of the Aum Supreme Truth, Japanese police have seized a huge stock of chemicals that could have been used to make gas. The sect vehemently denies any involvement in the murders and says that it uses the chemicals in a semiconductor plant that it operates. The police say only that they are investigating the sect for unrelated kidnappings and that they freed seven people in their raid.

Brace yourself for a tide of pop psychology telling you about the alleged relationships of paranoid mystical sects, poison gas and the stresses of Japanese life. But before you believe any of that, reflect for a moment that (1) the guilt of the sect is unproven, and (2) this sect also has branches in Russia and the United States. Strange though the sect's

behavior may be, it is not yet shown to be as strange as that of the Order of the Solar Temple, based in Canada, 48 of whose members died in mysterious fires last October in Switzerland. Or of the Branch Davidians, 70 of whom died in a gun battle with police and a fire at their base in Waco, Texas, two years ago. Or of many others in a melancholy record going back as far as history reaches.

Another question is whether this gruesome incident opens an era of high-tech terrorism. But the gas in this case, sarin, was invented in 1938 and is not particularly difficult to make. A better question is whether, high-tech or low-tech, a new weapon has entered the arsenal of terrorism. There may be attempts to imitate the Tokyo subway murderers, but among the many instruments available to terrorists, gas is one of the most difficult to handle.

There is another oddity: Why no statement by the perpetrators about their target? Terrorism is political in nature. What is the point of terrorist killings if the purpose remains unknown?

Perhaps the killers' intentions will emerge as the investigation continues. That, as much as their identities, is the central mystery that the investigators have to resolve in this strange crime.

—THE WASHINGTON POST.

British-American Strains

When Prime Minister John Major refuses for days to take a call from President Bill Clinton, divisions between Washington and London are getting serious. On Northern Ireland, on Bosnia, on banning nuclear tests, to name just a few, the disagreements have become sharp and noisy. Does this mean that the "special relationship" is over?

Clearly there is still residual affection between London and Washington, born of a common language and a camaraderie dating from World War II. But the end of the Cold War has changed what was once a fairly simple equation, much as it has altered America's relationship with the rest of its allies. The disappearance of a powerful common threat, the Soviet Union, has allowed narrower disputes to emerge and given them greater weight.

This may not be a bad thing, because both sides are free to deal honestly with their differences. In the latest rift, involving Northern Ireland, Washington clearly believes that Gerry Adams, the leader of Northern Ireland's anti-British party, Sinn Fein, offers a real chance for peace in Northern Ireland and, further, that he is a man Britain can do business with. Of

—THE NEW YORK TIMES.

Regulating the Regulation

The United States has become an over-regulated society. It is not just the volume or even the cost of regulation that is the problem, but the haphazard pattern — a lack of proportion. The government too often seems to be battling major and minor risks, widespread and narrow, real and negligible, with equal zeal. The underlying stances are not a coherent body of law but a kind of archaeological pile, each layer a reflection of the headlines and political impulses of its day. The excessive regulations discredit the essential. Too little attention is paid to the cost of the whole and the relation of cost to benefit.

The election results last November at least in some degree reflected resentment and impatience about this — and rightly so. The Republican-led Congress so understood and set about to fix this system, which, unlike some things that the government tries to fix, clearly is "broke." The trick is to make sure that the fix will be the right one, and one that will not end up killing good regulation along with bad.

The Senate Governmental Affairs Committee last week unanimously reported out a bipartisan regulatory reform bill the likely effect of which would be to improve the process rather than mangle it. It is a vast improvement over the merely anti-regulatory legislation too hastily passed several weeks ago by the House, as well as various rival bills in the Senate, including a proposal by majority leader Bob Dole. "A restoration of common sense," Senator William Cohen, a member of the governmental affairs committee, called the bill, and he is right.

The House voted both to impose a clumsy retroactive freeze on federal regulatory activity and to standardize and weaken in a single stroke the carefully worked out, separate regulatory standards in a broad array of health and safety and environmental legislation. The Senate committee bill would do neither of those things. Rather it would require cost-benefit and other studies of all new major regulations and the regulatory pro-

—THE WASHINGTON POST.



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How the Nuclear Haves Can Discourage Proliferation

By Stephen S. Rosefeld

WASHINGTON — For those who take the text and the issue seriously, the run-up to next month's conference to extend the Nuclear Nonproliferation Treaty is forcing a hard test of the United States' own compliance with a 25-year-old agreement that American diplomacy is striving hard to get others to honor and renew. It is a test that the United States arguably is so far failing.

The Clinton administration has gone all out to persuade nuclear have-nots to extend indefinitely the treaty and with it their commitment not to go nuclear. But, although it wishes to avoid rubbing it in by saying so, the administration has not the slightest interest in moving the United States and the four other acknowledged nuclear powers to negotiate away their own bombs, as the treaty's Article 6 plainly requires.

"Each of the Parties to the Treaty undertakes to pursue negotiations in good faith on effective measures relating to cessation of the nuclear arms race at an early date and to nuclear disarmament, and on a treaty on general and complete disarmament under strict and effective international control."

By holding back on Article 6, the nuclear five are in effect trying to rewrite the

treaty. They are being directly challenged by, among others, the Third World diplomat — the Sri Lankan ambassador to Washington, Jayantha Dhanapala — who is president-designate of the treaty review conference about to open in New York.

Mr. Dhanapala starts from the position that nuclear weapons are illegitimate — uniquely threatening to "human civilization and its ecosystems." He suggests that the nuclear states seek to confer an unwarranted legitimacy on these weapons "through the questionable doctrine of nuclear deterrence."

Lamenting that Bill Clinton's post-Cold War nuclear policy review "continued ironically to positulate the use of nuclear weapons," which it did, he sees a looming paradox: While the haves claim that without permanent treaty extension there will be no incentive for further nuclear disarmament, have-nots view extension "as the death knell for nuclear disarmament."

To which James R. Schlesinger, a former defense secretary and unabashed pro-nuclear advocate who is unhindered by the administration's felt requirement

for discretion, replies in so many words: Poppycock.

Where Mr. Dhanapala the dissembler suggests that deterrence is a suspect, self-serving concept that the nuclear powers designed to preserve their privilege, Mr. Schlesinger the strategist says he "cannot overstate" the importance of protecting the U.S. deterrent. Some, he says, "lose sight of this essential element in the desire to assuage the desires of others."

As for appeals to end the treaty's "discrimination" between weapons states and non-weapons states and ultimately to eliminate nuclear stockpiles, Mr. Schlesinger says: The "distinction between weapons and non-weapons states" is "not going to be eliminated ... It is in the interest of all the nations that desire stability for the United States to continue to have a deterrent sufficiently impressive to deter weapons use by other states."

It especially riles Mr. Schlesinger that much criticism of the American posture comes from the less stable regions of the world most vulnerable to nuclear spread. The resistance comes, moreover, not so much from the hostile Iraqs and Libyas but from friendly nations habituated in the Cold War to "flagellating the United States in disarmament conferences."

Mr. Dhanapala's solution is a new treaty to outlaw possession of nukes by countries that already have them. Mr. Schlesinger's is tough treaty enforcement on countries that don't but might.

In his favor for retention of American nuclear privilege and the payoff of global stability he claims for it, Mr. Schlesinger speaks for a lot of Americans, including me. Undeniably, however, some embarrassments lurk in this position.

It is not that there is "a good deal of talk," as Mr. Schlesinger puts it, about an American commitment to disarm. There is a treaty commitment — Article 6.

If the nuclear haves are going to squirm off that hook, they had better be ready to meet other legitimate and useful nonproliferation goals. These include: a prompt test ban, a fissile-material cutoff, further reductions toward a minimum deterrent, a pledge of no-first-use of nuclear weapons, a strengthening of international safeguards against proliferation and loose nukes, security assurances for non-nuclear states and a reconciliation of export controls with a non-nuclear state's "inalienable right" under Article 6 to develop nuclear energy for peaceful purposes.

A tall order, and a necessary one.

The Washington Post

In Its Trade With Big-Yen Japan, America Is Being Played for a Fool

By Thomas L. Friedman

WASHINGTON — So I've been thinking about this yen problem and I've got an idea. The dollar keeps falling against the yen, right? It started at 360 yen to the dollar after World War II and now it's down to 88 yen to the dollar. And each time the dollar falls we Americans say, surely it's time to let the dollar go to zero right now. That's right. Let's make \$1 be worth no yen.

Thinking about it, it will solve all our problems.

We won't be able to buy anything from Japan, so our \$60 billion trade deficit with Tokyo will disappear. Without that deficit, the dollar will again strengthen and be the darling of international markets.

So forget this blather from the Treasury about how we don't want the dollar to weaken further against the yen. Our battle cry should be, "Only 88 yen to go before zero!"

There are real differences between the allies. America is deeply concerned about Serbian genocide in Bosnia. Britain has dismissed that concern, sometimes patronizingly. Washington seeks a ban on nuclear tests; Britain wants to keep testing to improve its arms. Alliances are based on shared interests. There are still enough of those to assure that Washington and London will never drift far apart. But these days it is pointless to romanticize the relationship.

It's not so complicated. The dollar is going down against the yen today for the same two basic reasons it has been falling for years: because we buy too much from Japan and we sell it too little. Too many dollars chasing goods over there; too few yen chasing goods over here. Everything else is commentary.

We have finally started cutting back our spending and reducing the deficit. We must do more. But so must Japan, which continues to resist U.S. imports. Hey, they wouldn't even use free Tylenol we

shipped over to aid victims of the Kobe earthquake. They said it might not be right for Japanese bodies. (I'm not making this up.)

I guess it's not surprising they don't buy U.S. cars — even when the dollar becomes so cheap that a Chevy costs the same in Japan as a bicycle built for two.

We are talking about trade barriers that are deeply rooted in Japanese society. It will take more than a cheap dollar to open such a market. It's time for a new strategy.

Trade Representative Mickey Kantor got China to cave in to U.S. trade demands on textiles and intellectual property because he was empowered by the administration with a very specific list of targets and an even more specific list of punishments if Beijing did not comply.

When the United States has been equally focused with Japan, such as opening its cellular phone

market, it has been successful. But it would take decades to try to open up even Japanese industry, one at a time.

We have tried a more broad-brush approach, called the "framework" negotiations. But they have largely failed to make a dent in the trade imbalance because we were not specific enough about what we wanted — numerical increases in Japanese imports across a broad front — and what would happen if we didn't get it.

Instead we danced around the issue, getting into endless Talmudic discussions with the Japanese about what constitutes an "indicator" of more open trade.

Any time we got even close to a specific numerical demand, the Japanese shouted that we were "managing trade" — the economic equivalent of accusing someone of child molestation. So we backed off, even though we know Japan has the most managed economy in the world and the only way in is to be managed in.

But we have to be serious, and up to now we have been ambivalent. As the saying goes: How can I move forward when I don't know which way I'm facing? It's time to make up our minds. We've got more yen to figure it out.

The New York Times

For Nigerians, a Voice of Confidence That Mustn't Be Silenced

By Flora Lewis

TORONTO — Word has reached here that Olusegun Obasanjo has been put under house arrest at his farm in Nigeria. It is a bad sign in a country already wracked by the destruction and despair of military dictatorship.

General Obasanjo, who became president after a military coup in 1976, pledged that he would hold elections under a new constitution and then turn power over to a civilian government. Amazingly, he did, in 1979, sparking hopes of a change of course in African politics.

The hopes were not realized. The military seized control again in 1983 and since then there has been one coup after another in Nigeria. Promised elections were held in 1994, but annulled before results were announced. The evident victor was jailed, political activity and labor unions were banned, and the independent press was shut down by an increasingly severe military dictatorship.

Now, having announced that it had crushed an attempted coup, and manifestly unable to cope with the country's steadily deteriorating economic and social disorders, the dictatorship is trying to crack down even more.

that Africa can do a great deal more to feed itself and end starvation.

"We are moving backward as the rest of the world is forging ahead," he said. "In the last resort, only we ourselves know what is really amiss with us, and what is more, only we as Africans can tell it as it is to ourselves. Our destiny ultimately lies in our own hands."

The troubles, he said, "stem from human failure" to establish institutions which "make for a humane society," and the cause was "our false political start."

He travels widely, receiving international honors to encourage others to hold such views. It was just after his return from the United Nations social summit in Copenhagen earlier this month that police went to his farm. It is evident that the intent is to stifle even moderate criticism.

General Obasanjo, 58, is an imposing figure in flowing, pastel-colored robes and matching cap, a big man with a lively sense of humor and the natural poise that confers authority. As he celebrated "freedom in South Africa," he warned last year of the "darkening night of barbarism" threatening many countries in the wake of "the senseless and shameful car-

nage in Rwanda that diminishes for us all the sense of accomplishment."

Even before his arrest, an unprecedented campaign was launched in America by the powerful black lobby Trans-Africa calling for sanctions against the Nigerian dictatorship. Its leader, Randall Robinson, says, "We must isolate Nigeria politically, socially and economically, in the same way we were able to isolate South Africa and Haiti."

For too long the tyrants of black Africa have been indulged as the world tarried the racist regime in Pretoria. But it is another form of racism to treat Africa as an exception where, for reasons of history or culture or whatever, human rights and emergence from poverty are not to be expected — a kind of nature preserve where the evil of which all men are capable is to be left untamed by the will to do good of which all men are also capable.

General Obasanjo often expressed his refusal to believe that Africa, with its immense resources, was somehow congenitally unable to join the world economy and produce decent societies. He must not be silenced. His fate is a test.

© Flora Lewis

Time for America to Do Something About the Drug Lords in Burma

By Lally Weymouth

WASHINGTON — Until 1988, Washington provided counter-narcotics assistance, including military equipment, to the government of Burma. But after the 1988 coup there, a military junta, the State Law and Order Restoration Council, came to power. The human rights crowd has to contend with another group in the U.S. government — people like Representative Bill Richardson of New Mexico. He and those who share his views, while disturbed by Burma's human rights violations, remain mindful of its large export of heroin to U.S. shores. Richardson and company favor engaging with the Burmese government, employing a carrot-and-stick policy.

A senior State Department official spelled out this policy during a visit to Rangoon last November. If Burma releases Aung San Suu Kyi, gives her democratic forces freedom to operate, lets the Red Cross visit political prisoners and generally improves its human rights policies, Washington will consider resuming counter-narcotics cooperation and will improve diplomatic relations. If the junta "makes advances," Mr. Richardson says, "we should respond with an ambassador and counter-narcotics training." But if Rangoon does

INTERNATIONAL

Under Pressure, Serbs Try Diplomacy**Leader Makes 'Last Call' for Talks, but Urges Counteroffensive**By Roger Cohen
New York Times Service

BELGRADE — For the second time in less than six months, the Muslim-led Bosnian Army has won significant victories against the Bosnian Serbs, pushing them onto the defensive and raising questions about the Serbs' long-term ability to continue the war.

In twin offensives in the last week, in central and northern Bosnia, government forces have advanced several miles and have captured or surrounded two important Bosnian Serbian communications towers. United Nations officials said over the weekend, Radovan Karadzic, the Bosnian Serbian leader, responded by appealing for direct peace talks with the Bosnian government.

In a "message to the international community and the Muslims," Mr. Karadzic said that he was making a "last call" for "immediate direct talks on peace, with a cessation of all offensives and return of the forces to the lines of Dec. 23, 1994."

Mr. Karadzic was referring to the date of a cease-fire negotiated by former President Jim-

my Carter. That agreement was later elaborated into a four-month cessation of hostilities that took effect on Jan. 1 and finally collapsed last week.

The Bosnian Serbian leader's appeal for talks came a day after he appeared in military fatigues at the site of the fighting in northern Bosnia and called for a relentless Serbian counteroffensive. Even by Mr. Karadzic's volatile standards, the inconsistency suggested some disarray.

Outmanned, increasingly isolated and overstretched, the Bosnian Serbs are clearly weary of a war they started and thought would be over in a couple of months. The shifting signals from Mr. Karadzic reflect a fundamental reality: The Serbs either need peace now or a decisive battle, because a long war seems certain to favor the improving Bosnian Army.

In the absence of serious peace talks, Mr. Karadzic said, the Serbs would go for a "quick and complete victory."

The last time the Bosnian forces advanced, surging out of the northwestern Bihać area

last November, the Serbs fought back decisively, pushing the Bosnian Army back where it had started.

Even now, analysts say that the Serbs, with their superior artillery, tanks and organization, could deal crippling setbacks to the Bosnian forces,

taking the eastern enclaves of Srebrenica, Zepa and Gorazde, cutting the critical supply route north from the Adriatic coast to Sarajevo and perhaps resuming the artillery bombardment of Sarajevo.

But such steps might bring the Serbs renewed problems with the United Nations and the North Atlantic Treaty Organization — Sarajevo and the eastern enclaves are supposedly areas that the United Nations is obliged to protect — and would certainly involve heavy losses for an army already short of manpower. Mr. Karadzic appears determined to find other solutions if he can.

His quest will be difficult, however. The Bosnian government immediately dismissed Mr. Karadzic's appeal. "There's

nothing to talk about unless he accepts the peace plan of the Contact Group, which is not good for us, but it's the best there is," said Ejup Ganic, the vice president of the Muslim-Croatian federation.

The so-called Contact Group, made up of the United States, Germany, France, Britain and Russia, submitted a peace proposal last July offering 51 percent of Bosnia to the government and 49 percent to the Serbs. The Serbs now hold 70 percent of Bosnia after almost three years of war.

The Bosnian offensive and the Serbian response underscore how the United Nations has been reduced to an entirely passive role in Bosnia. Under the terms of the four-month cease-fire, UN soldiers were supposed to be interposed between the two armies to prevent precisely what happened this past week. But that never happened.

If the fighting continues to worsen, the position of the United Nations could become untenable.

Hutu Flee Rampaging Tutsi in Burundi

Compiled by Our Staff From Dispatches

BUJUMBURA, Burundi — Thousands of Hutu fled villages near the capital on Sunday in a new exodus toward Zaire's frontier, the International Committee of the Red Cross said.

"Our teams reported people leaving Kamenge and Kinimana in large numbers, thousands," said Marjolaine Martin, the Red Cross's chief delegate in the capital, Bujumbura. "This is worrying."

Hutu began to leave the capital Friday, when Tutsi militiamen went on a rampage of arson and shooting that left several hundred people dead.

President Sylvester Ntibantunganya told Radio France Info in a telephone interview Sunday, "There have been

around 150 killings at least." But witnesses said that 500 people had been killed, and that most of them were Hutu.

Many of the refugees flooded the road west of Bujumbura toward Zaire. Serious clashes have not yet broken out in Kamenge, but some fear the village could be the next Tutsi target.

The Nairobi office of the UN High Commissioner for Refugees said 15,000 people had fled into Zaire's frontier town of Uvira, and relief officials said many others were avoiding the roads and taking back routes.

The fighting between Burundi's two ethnic groups has provoked fears that the Central African country will go the same way as its northern neighbor, Rwanda.

where up to 1 million people, most of them Tutsi, were slaughtered last year.

Most of the 15,000 refugees in eastern Zaire have very little food, the UN refugee office said Sunday.

"The food situation is extremely serious," said Peter Kessler, a spokesman for the refugee office in Nairobi. "The refugees already in the country were getting only half of what they require and the new arrivals are taxing our supplies."

There were 220,000 Burundian refugees in eastern Zaire before the new arrivals. Most of them crossed into the country in a couple of hours Saturday, said Ron Redmond, a spokesman in Geneva for the UN refugee office.

(Reuters, AP)

Carter Urges Kenya Not to Expel 3 U.S. Reporters

The Associated Press

NAIROBI — Former President Jimmy Carter said Sunday that he had urged Kenya not to expel three American journalists for what the government called "outrageous lies and deliberate distortions."

He said he advised Mr. Moi to have Information Minister Johnstone Makau write to the editors of The Washington Post, Newsweek and Time magazines pointing out factual errors in the articles.

The three publications recently suggested that Mr. Moi was trying to divert attention from the country's problems by saying last month that Kenya was threatened by insurgents.

On Friday, Mr. Makau demanded an apology from Joshua Hammer of Newsweek. Andrew Purvis of Time and Stephen Buckley of The Wash-

ington Post, whose article also appeared in the International Herald Tribune.

Mr. Makau said the government took "particular exception to the outrageous lies and deliberate distortion of events" as portrayed in the current issues of the publications.

The minister hinted that failure by the journalists to apologize could lead to their expulsion.

As Army Advances, Bosnia Talks Tough

The Associated Press

SARAJEVO, Bosnia-Herzegovina — The Bosnian government pursued its battlefield advances on Sunday while hinting at new toughness in any future negotiations.

Government army officers in the northeastern city of Tuzla said their soldiers were regrouping for what they hoped was a final assault on a nearby mountain-top communications tower vital to the Bosnian Serbs' telecommunications, radio and television networks.

Although the Stolice tower has been virtually surrounded by Bosnian troops for several days, they have hesitated to move in because of fears the Serbs have rigged it with mines or explosives, officers said.

In Sarajevo, a senior military commander said the offensives near Tuzla and on a second front in central Bosnia were part of a broader effort to put political pressure on the Bosnian Serbian leader, Radovan Karadzic, and his former patrons in Serbia.

**Onoe Baiko Is Dead at 79, Celebrated Kabuki Actor**

The Associated Press

TOKYO — Onoe Baiko, 79, one of Japan's greatest Kabuki actors, died Friday of complications from pneumonia.

Mr. Baiko, who had been designated a Living National Treasure by the government, performed an unusually wide range of roles in his 72-year career.

He was best known for playing noble and refined female characters in the centuries-old

dramatic art, which uses all-male casts in heavy makeup and colorful, flowing costumes. But he was also skilled at leading male roles.

Also an accomplished dancer, Mr. Baiko was designated a Living National Treasure in 1968, a title reserved for a handful of top artisans and performers.

He last performed in early November.

Tunisia Bars Activist From Leaving

Agence France Presse

TUNIS — Moncef Marzouki, former president of the Tunisian Human Rights League, had his passport seized last week as he was preparing to leave for Brussels, according to judicial sources. They said Mr. Marzouki had been at the airport in Monastir, south of Tunis, when the authorities stopped him Saturday on grounds that he was under investigation for anti-government statements.

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L'ESPACE EUROPE

THE CHANCES OF HER BEING SEATED NEXT TO YOU ARE SO SLIM THAT YOU WON'T REGRET THE EXTRA SPACE BETWEEN OUR SEATS.

THE RIGHT TO PRIVACY



CAPITAL MARKETS ON MONDAY

Most Active International Bonds

The 250 most active international bonds traded through the Euroclear system for the week ending March 24. Prices supplied by Telekurs.

Australian Dollar

238 Export Fin. & In- sur. 5 03/13/97 91,981 5,4400

Austrian Schilling

165 Austria 7 02/14/00 100,500 6,7700

Belgian Franc

144 Belgium 7 04/29/99 98,4200 7,1000

199 Belgium 9a 01/02/98 104,4900 8,8400

207 Belgium 7/4 10/15/98 97,5500 7,9200

231 Belgium 9 07/30/98 104,4400 8,8600

248 Belgium 7/4 02/29/94 94,9700 7,6300

British Pound

175 Denmark FRN 645 08/24/98 99,7900 6,6600

205 SEK korfult 8 02/25/93 91,3005 8,5300

228 Bk of Ire 9 03/21/95 107,5000 6,8800

244 GECC 8/16 12/27/95 100,2500 8,1100

Danish Krone

5 Denmark 7 12/15/04 87,6500 7,9900

14 Denmark 6/5 07/15/05 92,7000 8,6600

19 Denmark 7 01/20/95 97,5500 7,2100

22 Denmark 8 05/17/03 94,4300 8,4500

26 Denmark 9 11/15/96 101,7000 8,8200

32 Denmark 9 11/15/97 101,9000 8,8300

39 Denmark 7 01/20/95 97,5500 7,2100

45 Denmark 7/4 08/15/97 97,5500 7,1400

75 Denmark 6/4 02/10/97 97,5500 7,4200

79 Denmark 6/4 12/10/99 90,2000 6,6100

84 Denmark 7/4 11/15/01 96,1000 8,1200

110 Denmark 5/4 08/10/96 97,5000 5,3900

148 Denmark 7 11/10/94 77,1000 9,0800

171 Denmark 6 02/10/95 96,9200 6,0700

Deutsche Mark

1 Treuhund 7 11/25/99 101,8300 6,8700

2 Germany 7/4 01/20/95 97,5500 7,2100

3 Germany 7/4 01/20/95 97,5500 7,2100

4 Germany 7/4 11/17/94 102,1500 7,3800

6 Treuhund 6/2 07/01/99 99,3100 6,4200

7 Germany 8/2 07/01/99 102,5300 8,2400

9 Germany 8/2 07/01/99 102,5300 8,2400

10 Treuhund 7/4 09/09/94 101,9525 7,3400

11 Treuhund 7/4 07/29/95 95,8900 7,3200

12 Germany 112 6/2 07/15/99 100,7200 6,7000

14 Treuhund 7/4 09/09/94 102,5300 7,3400

15 Germany 8/2 03/20/94 102,8300 7,6800

17 Germany 9 10/20/94 109,6400 8,2100

18 Germany 6/2 01/04/94 83,8700 7,4500

20 Germany 6/2 12/20/95 102,4500 8,5400

22 Germany 6/2 07/21/95 102,4500 8,5400

24 Germany 6/2 07/21/95 102,4500 8,5400

27 Germany 6/2 07/21/95 102,7700 8,3900

31 Germany 6/2 09/22/95 104,3400 8,7600

33 Germany 6/2 03/20/94 102,8700 7,7000

36 Germany 6/2 01/20/97 104,2767 8,0300

37 Germany 6/2 07/21/95 101,9525 7,8800

41 Germany 6/2 12/20/95 101,3867 6,7800

42 Germany 6/2 05/21/94 104,4200 7,8800

43 Treuhund 7/4 03/04/95 92,9143 6,6600

44 Treuhund 7/4 03/04/95 92,9143 6,6600

45 France BT+N 6/2 01/21/97 99,7500 5,5800

46 France BT+N 6/2 01/21/97 99,7500 5,5800

47 Treuhund 6/2 01/21/94 102,5300 6,9600

48 Germany 7/4 10/20/95 102,1750 7,2700

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55 Treuhund 7/4 11/20/95 92,6400 6,2100

56 Treuhund 7/4 12/22/97 102,4200 7,4900

57 Germany 8 07/22/92 104,9675 7,6200

58 Germany 8 02/20/95 103,7600 8,1900

59 Germany 6 02/20/95 103,7600 8,1900

61 Germany 6/2 02/21/99 94,3460 5,5900

64 Germany 6/2 05/20/95 100,3075 6,3600

65 Germany 6/2 04/22/95 97,5984 6,9200

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67 Treuhund 7/4 11/20/95 92,6400 6,2100

71 Germany 7 12/22/97 102,0000 6,8600

72 Germany 8/16 01/22/96 102,1700 7,9500

74 Germany 7/4 10/20/97 102,5500 7,0700

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77 Treuhund 5 12/17/95 95,2600 5,2400

78 Treuhund 7/4 01/29/03 99,8417 7,1400

81 Germany 6/2 01/22/95 100,5400 6,8600

82 Germany 6/2 01/20/95 101,9525 7,1400

83 Germany 5/4 01/20/95 101,9525 7,1400

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117 Germany 6/2 01/20/95 101,9525 7,1400

118 Germany 6

Stay at Home

Herald Tribune
INTERNATIONAL
BUSINESS / FINANCE

MONDAY, MARCH 27, 1995

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CYBERSCAPE

Digital Data Broadcasting Is Latest Cyber-Retail Fad

By Steven Brill
International Herald Tribune

HIROSHIMA — The information highway is the rage in Japan, with subscribers to on-line services mushrooming and book stores crammed with the latest titles and magazines on how to log on and enjoy the Internet. Yet one of Japan's pioneers in cyberspace retailing is pessimistic about the near-term prospects of hawkling goods via the Internet in a nation where the spread of computers remains years behind the United States and where consumers have grown accustomed to fawning service, albeit at sky-high prices.

Daiichi Corp., Japan's third-largest consumer electronics retailer, is betting that another technology, digital data broadcasting, holds more potential. Over at least the next five years, the system will not only reach more Japanese than the Internet but also enable a faster, more graphic sales presentation.

"The Internet is good for selling books, office supplies and other products that can be described in text," said Masatake Kubo, Daiichi's president. "But when it comes to other products, Japanese consumers need a warmer context with pictures and sound."

Beginning next month, Daiichi will begin transmitting an electronic catalog over BS-3, Japan's main broadcast satellite. In Japan, where nationwide satellite broadcasts began about a decade ago, more than 9 million households have antennas and receivers to pick up satellite television. By 2005, Daiichi reckons that 20 million households, about half the total in Japan, will have satellite TV.

But receiving the catalog is more complicated than turning on the TV. Consumers will need special adapters that will allow Nintendo game machines and personal computers to store the data. The catalog can then be displayed on a television or computer screen.

Like programming a VCR, consumers also will have to make sure the data is recorded when it is broadcast over a subchannel of one of Japan's three main satellite channels.

Moreover, if bought separately, the adapter will cost 18,000 yen (\$203), although it will be standard equipment in new Nintendo game machines. Daiichi said it expects millions to be sold because, in addition to the catalog, consumers will be able to receive educational materials, karaoke background tracks and pre-news of new Nintendo games. About two-thirds of homes that can receive satellite TV have Nintendo game players.

Once the catalog is downloaded, digital data broadcasting shows its merit compared with shopping over the Internet. Stored in semiconductor memory or a hard disk, the catalog will be comparable to a CD-ROM, allowing users to quickly access different pages and to explore items to differing degrees of detail. Orders can then be placed via the Internet.

By contrast, most users of the Internet in Japan can access only

See DAIICHI, Page 13

The system will reach more Japanese than the Internet

By Kevin Murphy
International Herald Tribune

HONG KONG — A yen bloc, in which the Japanese currency would at least partly replace the dollar as the unit of choice for trade and saving is forming in Asia as the region grapples with the dollar's dramatic weakening, bankers and economists said.

The trend is unlikely to threaten the dollar's dominant role in Asia in the near future unless Japan moves aggressively to hasten the process. Some economists, however, contend that Tokyo must do this.

"There is ample evidence in Asia

that being long on the dollar

can be a painful experience," said the chief investment officer of an Asian central bank. "There is not much confidence in the quality of America's political or economic leadership," said the banker, who requested anonymity.

"People are nervous and shifting out of the dollar where they can."

As the yen hovers at record levels against the dollar, central bankers and companies throughout the region must re-examine links with a currency they have traditionally relied upon for financial stability and economic growth.

After the dollar's 12 percent slide since the start of the year, a dual threat of inflation and losses on massive foreign reserve holdings has sparked a reassessment of the status quo.

"We should not put all our eggs in one basket," said Zhou Shijian, vice president of Beijing's Institute of International Trade research, in a prominent commentary in the official China Daily. "We must review the current system that pegs renminbi yuan to the U.S. dollar." China, like many other countries in Asia, has linked the value of its own currency to the dollar. But as elsewhere in the region, it is caught between its reliance on dollar-denominated exports and an expanding trade and financial relationship with Japan.

The dollar's weakness has made the cost of Chinese products more competitive, but imports from Japan and yen debt repayments have become much more costly in recent months.

China's deputy minister for Foreign Trade Liu Shanzhu, said earlier this month that the cost of repaying China's yen loans had surged from about \$10 billion to \$16.6 billion because of the decade-long deterioration of the dollar's value against the yen.

Indonesia's large foreign debt to

Japanese lenders, greater than China's,

has prompted fears that the country's central bank might be forced to devalue the rupiah.

Devaluation doubts have arisen despite recent signs that Bank Indonesia has shifted reserve holdings into yen from dollars to meet increased debt repayments and despite the fact that 90 percent of Indonesia's loans have been granted on a low-rate concessionary basis by Tokyo. Earlier this month, Bank Indonesia officials were forced to convene a meeting of leading bankers to explain their actions in order to quash rumors fanned by a situation in which 90 percent of the country's revenue is denominated in dollars but 40 percent of its \$87.6 billion foreign debt is in yen.

While the rupiah has weakened against the dollar in recent weeks, other Asian currencies, notably the Singapore dollar and the Thai baht, have strengthened, an indication they have been partly delinked from the dollar, economists and currency traders say.

Recalculating the confidential formulas by which they set their individual currency values, monetary authorities have responded to the dollar's downward volatility as Asian central banks prune their dollar exposure.

"We've seen noticeable selling of dollars by three or four Asian central

banks, fundamental switches, not speculative moves, into the Deutsche mark," said Stuart Gulliver, treasury and capital markets chief for Hong Kong & Shanghai Banking Corp.

But economists warn that far-reaching changes must occur in Asian trade patterns and Tokyo's attitude toward internationalizing its own financial markets before the yen takes on a more significant role in the region.

The U.S. market has diminished in importance to Asian nations as they broaden their export bases and increase trade among themselves, but America remains significant and is a larger market than Japan.

With most global commodity prices still quoted in dollars, Japan would have to greatly open its domestic markets to Asian imports to quickly prompt a need for individual Asian countries to increase their yen holdings.

Greatly increased yen borrowing in the region could also speed the trend, but few analysts expect either scenario to unfold anytime soon.

A decision by Asian countries to trade and save more in the yen would entail a choice that would require them to put their exports at a competitive disadvantage in dollar-dominated markets. Economies trying to advance be-

yond labor-intensive, low value-added manufacturing exports would not readily embrace such a move, analysts said. Nor would countries such as South Korea and Taiwan, which are now competing heavily with Japan in heavy industry, machinery, automobiles and computer hardware on a price basis.

Economic considerations aside, a deliberate, accelerated move into a currency sphere dominated by decision-making in Tokyo could not be lightly considered in countries with bitter memories of Japanese domination during World War II.

The yen's increased use as a reserve currency in Asia also faces hurdles similar to those encountered elsewhere in the world: relatively tighter liquidity in the trading of Japanese government bonds than U.S. Treasury bonds.

Yet a growing dual need by Japan to reduce its risks in investing abroad and to rejuvenate Tokyo as a leading international capital may prompt it to create some of the conditions needed to hasten the formation of a yen bloc in Asia.

"More and more people in the Japanese government have started to think about closer links with Asia," said C.H. Kwan of Nomura Research Institute in Tokyo.

Building Blocs: A Rising Yen Challenges the Dollar

By Kevin Murphy

International Herald Tribune

HONG KONG — A yen bloc, in which the Japanese currency would at least partly replace the dollar as the unit of choice for trade and saving is forming in Asia as the region grapples with the dollar's dramatic weakening, bankers and economists said.

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Japanese lenders, greater than China's,

has prompted fears that the country's central bank might be forced to devalue the rupiah.

Devaluation doubts have arisen despite recent signs that Bank Indonesia has shifted reserve holdings into yen from dollars to meet increased debt repayments and despite the fact that 90 percent of Indonesia's loans have been granted on a low-rate concessionary basis by Tokyo. Earlier this month, Bank Indonesia officials were forced to convene a meeting of leading bankers to explain their actions in order to quash rumors fanned by a situation in which 90 percent of the country's revenue is denominated in dollars but 40 percent of its \$87.6 billion foreign debt is in yen.

While the rupiah has weakened against the dollar in recent weeks, other Asian currencies, notably the Singapore dollar and the Thai baht, have strengthened, an indication they have been partly delinked from the dollar, economists and currency traders say.

The U.S. market has diminished in importance to Asian nations as they broaden their export bases and increase trade among themselves, but America remains significant and is a larger market than Japan.

With most global commodity prices still quoted in dollars, Japan would have to greatly open its domestic markets to Asian imports to quickly prompt a need for individual Asian countries to increase their yen holdings.

Greatly increased yen borrowing in the region could also speed the trend, but few analysts expect either scenario to unfold anytime soon.

A decision by Asian countries to trade and save more in the yen would entail a choice that would require them to put their exports at a competitive disadvantage in dollar-dominated markets. Economies trying to advance be-

yond labor-intensive, low value-added manufacturing exports would not readily embrace such a move, analysts said. Nor would countries such as South Korea and Taiwan, which are now competing heavily with Japan in heavy industry, machinery, automobiles and computer hardware on a price basis.

But economists warn that far-reaching changes must occur in Asian trade patterns and Tokyo's attitude toward internationalizing its own financial markets before the yen takes on a more significant role in the region.

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Cannibalized Derivatives Look Tasty

By Saul Hansell
New York Times Service

NEW YORK — When Salomon Brothers Inc. announced last week that it was offering to buy up to \$8.1 billion in complex and otherwise unwanted derivative securities, it might have seemed as sensible as offering to buy up spent uranium rods from nuclear reactors.

After all, there seems to be no end to the horror stories of investors who have lost money from complex bets made with derivatives. Just last Thursday, the state of Wisconsin said these newfangled financial instruments had recently cost it about \$95 million due to bad bets.

But in fact, Salomon — or any other Wall Street firm — can avail itself of relatively simple techniques to reduce the risk of the derivatives while locking in a hefty profit.

That is why half a dozen other banks and brokerage firms said they wanted to buy the same derivatives — known as structured notes — that Salomon was structured notes — that Salomon was

offering to buy. The reason they can do this is that such derivatives, while large, are not as complex as they may appear. They were created originally by combining several of the simpler actively traded derivatives

into a single package. These securities matched the market predictions of various investors, many of whom turned out to be quite wrong.

The key is that Salomon — or the successful bidder — can buy the structured notes and, in essence, take them apart and sell the pieces for more than the whole.

"Think of a structured note as a sports car," said one senior trader at a large bank. "It's risky if you drive too fast and crash it into a tree, but you can buy a sports car, take all the components out and sell them for a profit with no risk."

Despite Salomon's unusual announcement Friday, this was actually routine business on Wall Street these days. Traders are constantly buying structured notes and various bonds and using derivatives to add or subtract features to make them more palatable to investors.

For example, one of the derivatives that Salomon wants to buy is a \$300 million note issue from the U.S. Student Loan Marketing Association, known as Sallie Mae, that pays interest of 10 percent minus the London interbank offered rate, which is the interest banks pay for large one-month deposits.

Since interest rates have risen sharply in

recent months, the yield on this bond has fallen, causing its value to plunge as well. If rates rise more, it will lose even more value.

But Salomon or any other Wall Street dealer that buys this bond is not likely to take that risk. Instead, the firm will simply buy two interest-rate swaps, which are the most common and actively traded form of derivative, and combine them with the note to make an investment that simply floats up and down with LIBOR.

There is a huge market for such conservative floating-rate investments. And Salomon would have no trouble finding a buyer for the neutralized note.

Some of the notes are more complicated. There is a \$175 million Federal Home Loan Bank issue that pays based on a formula of the prime rate charged by banks, plus 2.75 percentage points, minus the three-month LIBOR. So the owner of that would get more money if the prime rate rose faster than the London rate.

These more involved contracts may require Salomon to assemble a dozen different swaps, options or futures contracts to neutralize the risks fully. But from Wall Street's point of view, the more the merrier, because since they buy these hedges from their own derivatives departments, they make a profit on each component.

U.S. Orders Banco Central Acts to Raise Cash

For Tools Slip Again

Bloomberg Business News

MADRID — In an effort to revive Banco Central Hispano's flagging balance sheet, its shareholders over the weekend approved a 40 percent dividend cut and the sale of three bond issues totaling 160 billion pesetas (\$1.2 billion).

José María Amatustegui, BCH's president, said that slashing the dividend was necessary in light of the bank's steep drop in profits during 1994.

"I don't like it either," he told shareholders.

"But I think it's the best way to guarantee your interests in the medium and long term."

BCH's net income last year plummeted 32 percent, to 32.7 billion pesetas, dragged down by losses in the bond market and higher provisions for non-performing loans. Pretax profit was down 46 percent, at 44.2 billion pesetas.

Mr. Amatustegui said the process of cleaning up BCH's balance sheet was now over and that 1995 would be "the year of the takeoff." He predicted that net income would rise between 10 percent and 15 percent in 1995.

The bond issues are aimed at increasing the bank's capital adequacy ratio, the proportion of its capital to assets. Of the 160 billion pesetas in securities to be issued, 60 billion pesetas are to be set aside for shareholders' funds, the bank said.

The securities are to include a 100 billion

peseta issue of nonconvertible bonds and two 30 billion peseta issues of convertible debt. Shareholders renounced their right of first purchase on the second of the two convertible-bond issues.

BCH was hit hard by the fallout from the near-collapse of Banco Español de Crédito SA, known as Banesto, in December 1993. The Bank of Spain intervened in Banesto in order to head off an impending crisis, caused in part by heavy losses from the bank's investments in industrial companies.

Over the past year, BCH, which also sustained losses in its industrial investments, has been shedding its holdings in a group of more than 60 industrial companies. Extraordinary income from those sales totaled 62 billion pesetas in 1994.

"Certainly there will be some adjustment in our industrial holdings, but much less substantial than last year," said Mr. Amatustegui. He said there could be sales of as much as 20 billion to 25 billion pesetas during 1995, although he did not specify in which companies or industries.

BCH, Spain's third-largest commercial bank, has over the past year sought to improve its asset quality by lowering the amount of bad loans on its books and increasing provisions for those which were at risk.

In addition, exports to Mexico, ranging from autos to industrial equipment, dropped after the peso was devalued Dec. 20, triggering an economic crisis. U.S. railroads have reported a sharp drop in Mexico-bound freight since Jan. 1.

NASDAQ NATIONAL MARKET

Consolidated trading for week ended Friday, March 24

Stocks	Div	Yld	Sales						Stocks	Div	Yld	Sales					
			100s	High	Low	Clos	Chg	100s			High	Low	Clos	Chg			
A																	
ApexFnd			749	50	31	31	-										
APF			1132	12	12	12	-										
ABC	1,21		211	14	12	12	-										
ABC Bdy			1134	24	16	16	-										
ABC Roll			1487	25	24	24	-										
ABC Info			20	17	16	16	-										
ABT			1420	15	14	14	-										
ACC Cpl	1,12		7 10973	12	16	16	-										
ACG			4625	15	14	14	-										
ACX TC			1042	15	37	37	-										
ACTS			17549	33	20	20	-										
ADSA			270	16	16	16	-										
AEI			333	15	17	17	-										
AEP Ind	10		577	19	16	16	-										
AER En			852	5	5	5	-										
AES Chn			784	8	8	8	-										
AFC Col			6095	18	17	17	-										
AGK Srl			1869	12	15	15	-										
AGL Srl	2,15		27849	24	21	21	-										
ANB			447	24	24	24	-										
APS Hld			3477	24	24	24	-										
ARI Ltn			603	2	2	2	-										
ASM Ltn			42710	14	23	23	-										
AST			ATM Med		2071	-											
ATM Wt			6033	4	5	5	-										
Atmos			227	14	14	14	-										
AtronR B	39		1047	14	15	15	-										
AtronRt R	94		7 241	14	14	14	-										
ASchot			1125	8	7	7	-										
Abraxis			5782	6	5	5	-										
AbbeyH			1727	14	13	13	-										
ABGSSB	40		29	14	14	14	-										
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Abjor			1727	14	13												

Continued on Page 15



Responsible Care – this is not just another buzz-word to us. It is a matter of conviction. Because we know that what is at stake is our future and that of our planet.

That is why we support and encourage a sense of responsibility for the environment and safety, health and well-being on the part of each and every one at Degussa. In research and

development as well as in production, sales and service.

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of our plants. And we assume it without reserve. So that

today and in the future
a query does not turn into
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began with gold and silver.
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more fields.

Our social responsibility

DOWN TO EARTH SOLUTIONS

J. M. 1850

NASDAQ NATIONAL MARKET

Consolidated trading for week ended Friday, March 24.
(Continued)

Continued on Page 17



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America's Growing Ranks: Children of Divorce

By Susan Chira
New York Times Service

NEW YORK — First, Annie and Ivan married. They had two children. They divorced.

Later, Barry moved into Annie's house. Annie loved him. Her children did not. Three years passed, and he was gone.

Two years later, Annie moved her children into Lee's house. Annie loved him. Her children did not.

For nearly three years, Annie and Lee and her children have circled one another warily, trying to decide whether this newest family could endure.

Annie's children, like countless across the United States, are part of an increasingly common American family — one that is formed, shattered, reformed and shattered again following repeated divorces and breakups. These children struggle to navigate a bewildering succession of stepparents, stepbrothers and live-in relationships that have no formal name.

Researchers who follow these children say their ranks are swelling and their lives are often rocky. Studies comparing families of multiple divorce with families of single divorces have found that children with more family disruptions report higher levels of anxiety and depression, worse academic records and more troubled marriages of their own. The more breakups children experience, the studies show, the worse they fare.

"You get cumulative effects," said Lawrence A. Kurdek, a professor of psychology at Wright State University in Dayton, Ohio, and the author of one such study. "You're losing or gaining a lot more than a parent; you're changing households, schools, friends. The kids get rooted; they get uprooted."

Their overall sense of stability has got to be pretty shaky."

Half of all marriages end in divorce, and even more remarriages fall apart. Frank F. Furstenberg Jr. and Andrew J. Cherlin, two leading divorce researchers, estimate that 15 percent of all children in divorced families will see the parent they live with remarry and divorce before they reach age 18.

And that figure is a conservative estimate, they say, because it does not include couples who live together instead of remarry.

Annie P. and Lee S., who now share a home on a tree-lined street in a middle-class suburb in northern New Jersey, illustrate the trends the demographers are tracking.

Like other parents with several breakups in their past, Annie and Lee have presided uneasily over their stepfamily, one haunted by old relationships and buffeted by the resentments of children who have seen past families come and go.

"We start meeting all the cousins and brothers and daughters, and it's kind of a pain," said Michelle, Annie's 18-year-old daughter, who is in her first year at college.

"You have such an extended family," she said. "I thought it was kind of embarrassing to go to events — I'm the new girlfriend's daughter." And then, let's say we do make a relationship with one of the children or something, as soon as Mom breaks up with this guy, that has to be killed."

While most children of multiple divorces are not consigned to bleak fates, the upheavals take their toll.

"I had a lot of anger building up," said David, Annie's 13-year-old son, recounting his resentment at being moved from his old town and into Lee's home.

Michelle and David are calmer now after years of emotional turmoil. They speak of their mother with deep loyalty and affection, even as they say they did not like the men she brought into their lives.

Annie, meanwhile, has struggled to balance her responsibilities to her children with her own need for companionship. She has raised Michelle and David virtually on her own, with small financial contributions and periodic visits from their father.

She has managed to get free therapy for them, agree to a rabbi's bargain that she attend adult Jewish education classes in return for free Hebrew school for them, and forged close ties with their teachers.

"You have kids you have to be responsible for," said Annie, 43. "You have to make decisions that go beyond your own personal needs. But you also can't let them dictate whether you should be in a relationship or you shouldn't."

Larry Bumpass, a demographer at the University of Wisconsin, has assembled comprehensive data on divorce and cohabitation through a national survey of households and families he has been conducting since 1987.

He and other researchers cannot say exactly how many children experience multiple family breakups because few researchers have tracked cohabitation on a national level.

But Mr. Bumpass says he believes their numbers are swelling. Remarriages have a greater chance of breaking up than first marriages. He found that 37 percent of remarriages collapsed within 10 years, compared with 30 percent of first marriages in the same period.

Moreover, nearly one-third of U.S. children are born to unmarried mothers, and many will see their families split, re-form and split again, he said.

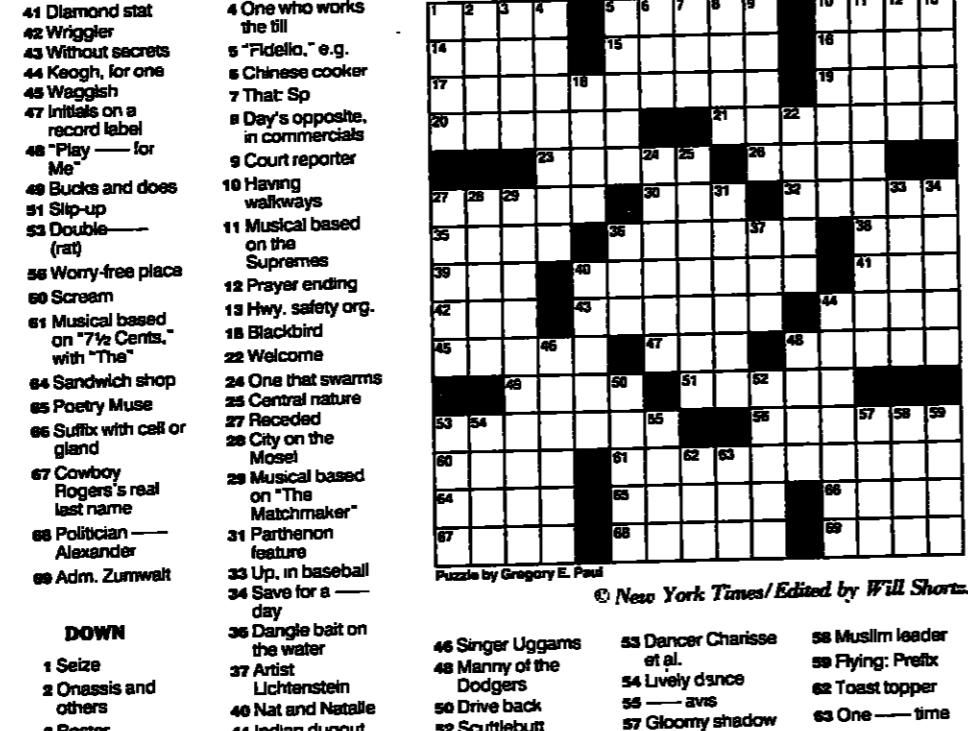
CROSSWORD

ACROSS

- 21 "Oh, to be in —" Browning
- 22 Infuriated
- 23 City near Provo
- 27 Mrs. Mertz
- 30 Parapsychology skill
- 32 "Wuthering Heights" man
- 33 — Rabbit
- 36 Wish for
- 38 Give — whirl
- 39 Cameraman
- 40 Musical based on "The Once and Future King"

DOWNS

- 1 Mineral powder
- 5 Country singer Buck
- 10 — Clayton Powell
- 14 Sills solo
- 15 Hypothecate
- 16 — la Douce"
- 17 Musical based on "The Taming of the Shrew"
- 18 Garden stumper
- 20 Book after Nehemiah
- 1 Seize
- 2 Onassis and others
- 3 Foster



Solution to Puzzle of March 24

ITV SWAG OTTERS SHOWTIME CARTEL MAIL AISLES TRIAGE WETNESS UTOPIA EGG OGPU EST CITRUS ALFA ALLOG YOUTREFIRED SKUAS FRA EROSE BARTHILLING JAMB ERIN ENCODES OBN ASEA IRR GRUMPS MOVEDIN DOMINO PREDATOR EMBLEM HOLINESS NOODLE INST MET

DOWN

1 Seize

2 Onassis and others

3 Foster

4 Diamond stat

5 Wriggler

6 Without secrets

7 Mrs. Mertz

8 Waggleish

9 Initials on a record label

10 " —" for Mc

11 Bucks and does

12 Slip-up

13 Double (rat)

14 Worry-free place

15 Screen

16 Musical based on "77 Cents," with "That"

17 Sandwich shop

18 Poetry Muse

19 Suffix with cell or gland

20 Cowboy

21 Rogers's real last name

22 Politician — Alexander

23 Adm. Zumwalt

24 One that swarms

25 Central nature

26 Receded

27 City on the Mosh

28 Musical based on "The Matchmaker"

29 Parthenon feature

30 Up, in baseball

31 Day

32 Dangle bait on the water

33 Artist

34 Lichtenstein

35 Nat and Natalie

36 Indian dugout

37 Dodgers

38 Drive back

39 Scuttlebut

40 Singer Uggams

41 Dancer Charisse et al.

42 Flying: Pretzel

43 — avis

44 Gloomy shadow

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winner of a silver metallic
Porsche 928 GTS.

384th Winner
HAM HATEM
(Series # 385 - Ticket # 0852),
Egyptian, from Dubai, UAE,
winner of a red
Porsche 911 Carrera Cabriolet.

385th Winner
DUNCAN FORBES
(Series # 386 - Ticket # 0765),
British, from Dhahran, Saudi
Arabia, winner of a grey
BMW 740iL.

386th Winner
WAHEED HASSAN ABDUL KARIM
(Series # 387 - Ticket # 0851),
Emirati, from Dubai, UAE,
winner of a white
Mercedes Benz S 500L.

IMF: Fund Needs More Money, World Bank Chief Says

Continued from Page 1
SDRs (about \$55 billion worth), while developing countries blocked an alternative Anglo-American compromise that would have capped the allocation at just over \$20 billion worth of SDRs.

The Mexican crisis has put the issue of IMF resources back on the front burner, although Philippe Maystadt, the Belgian finance minister who is chairman of the monetary fund's Interim Committee, was quoted in press reports last week as saying that as a result of the impasse the SDR allocation had been dropped from the agenda of the April meeting.

Mr. Maystadt could not be reached for comment, but Mr. Camdessus, speaking in a telephone interview, said the press reports were incorrect since Mr. Maystadt had been misquoted. The IMF chief said the SDR issue would indeed be discussed at the meeting in Washington next month, but he added that "the way the issue was discussed in Madrid is no longer appropriate."

An American official said in an interview on Sunday that although opposition to Mr. Camdessus' original proposal continued, some discussion of the SDR matter was still a pos-

sibility since the agenda for the April IMF meeting "has not yet been formalized."

Mr. Camdessus, meanwhile, disclosed details of a modified proposal that he plans to put to IMF members, under which only 16 billion SDRs would actually be allocated, with these funds going to the world's poorest countries and to the 38 IMF member nations that have not yet received any SDR allocations since joining the organization.

An additional 20 billion SDRs would not be allocated but would be used to create a special contingency fund that could be called upon in times of a Mexico-style emergency. Mr. Camdessus stressed that clear conditions would be imposed upon the recipient of such emergency funds to make sure they were properly used.

Mr. Camdessus said this idea could be part of a package that could also include either increasing the quota payments by IMF member nations in order to strengthen the organization's capital base or expanding the size of the monetary fund's General Agreements to Borrow, a \$25 billion credit line that is available to the IMF from the world's ten richest nations plus Saudi Arabia.

Aside from the forthcoming IMF meeting, the search for a solution is also being discussed by G-7 sherpas, the government officials who are preparing for the Halifax summit meeting.

Germans Thwart Neo-Nazi Rally

The Associated Press

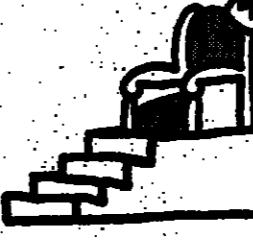
ERFURT, Germany — The German police stepped in to thwart neo-Nazi activities Sunday by rounding up 231 skinheads from all over Germany who were headed for an extreme-right rock concert disguised as a birthday party.

Tipped off in advance, the police took most of the skinheads into custody Saturday at rail stations and on autobahns before they reached the concert hall in Triptis, a town near this eastern German city.

Officers confiscated knives, baseball bats, started pistols and other weapons, as well as illegal neo-Nazi propaganda. Criminal charges against 51 of the skinheads are being prepared, accusing them of illegal weapons possession, possessing racist propaganda and displaying illegal Nazi paraphernalia.

BOOKS

WHAT THEY'RE READING



HARRY AND TEDDY:
The Turbulent Friendship of Press Lord Henry R. Luce and His Favorite Reporter, Theodore H. White
By Thomas Griffith
340 pages. \$24. Random House.

Reviewed by Christopher Lehmann-Haupt

HENRY R. LUCE and **Theodore H. White** first met in Chungking, China, early in 1941, shortly after White had been assigned to rove Southeast Asia as a full-time correspondent for Luce's Time magazine.

As Thomas Griffith writes of them in "Harry and Teddy": "Superficially, they had little in common: Luce was tall, Teddy short; Luce was rich, Teddy poor." Their personalities differed sharply too: "White was gregarious and emotional, a warmhearted man, eagerly open to friendship; Luce was leery of it . . . a loner determined never to let emotional considerations stay him from what he must do or wanted to do. He shunned familiarity, fearing its obligations."

Yet if this break puts a strain on Griffith's narrative, it also supplies his book's dramatic tension. For the dispute between Luce and White over China was echoed in significant events of the postwar period: the fall of China to the Communists under Mao Zedong and Zhou Enlai in their remote caves in Yenan, the publisher and his correspondent eventually severed their formal relation. White left Time and went off on his own.

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Formula One drivers making a turn on Sunday as the 1995 season began in São Paulo with the Brazilian Grand Prix.

Agassi Rolls To Victory In Lipton

Compiled by Our Staff From Dispatches

KY BISCAYNE, Florida — Andre Agassi won 19 consecutive points to seize the momentum and then defeat top-ranked Pete Sampras, 3-6, 6-2, 7-6 (7-3), on Sunday in the men's tennis final at the Lipton Championships.

In the women's final, Steffi Graf won her third title of 1995 with a businesslike 6-1, 6-4 defeat of Kimiko Date of Japan.

The victory by the second-ranked Agassi gave him a 2-1 edge this year in the rivalry with his Davis Cup teammate.

"It happened to go my way this week," he said.

With Agassi serving at 2-2, 0-40 in the second set, he won 17 consecutive points to take the second set and then won the first 2 points of the third set.

"He basically steamrolled me for three or four games," Sampras said.

The longest point in the tie-breaker proved pivotal, with Agassi finally swatting a backhand too deep for Sampras to return. That gave Agassi a 5-3 lead. Sampras, who struggled with his backhand all day, then hit one into the net and another wide to give Agassi the victory.

Sampras, 1-9 in tiebreakers this year, fell shy in a bid for his third consecutive Lipton title.

Agassi received \$30,000, and Sampras \$17,400.

Graf's victory left her six-tenths of a computer point behind top-ranked Arantxa Sánchez Vicario, and her \$205,000 winner's check nudged her career earnings beyond the \$15 million mark.

She stretched her 1995 undefeated streak to 14 matches.

"She is very strong," said Date, whose 38 unforced errors and inability to convert more than 2 of the 6 break points gained against Graf's serve conspired against an upset.

(AP, NYT)

SIDELINES

Turner Tops Rocca in Baleares Open

PALMA DE MALLORCA, Spain (AP) — Greg Turner of New Zealand shot 4-under-par 68 Sunday and won the Baleares Open by two strokes over Constantino Rocca of Italy, who shot 67.

Turner, who gained his third PGA European Tour victory, said, "I've led four tournaments going into the fourth round and I've won them all. I always play better if I have a chance to win."

• Bernhard Langer shot 71 and was tied for the lead with Corey Pavin, who carded 72, going into the final round of The Players Championship, in Ponte Vedra, Florida. They were a stroke ahead of Lee Janzen, who putted his way to a 3-under 69 on a windy day.

For the Record

AKEBONO, the American *yokozuna*, defeated Takanohana in a Spring Grand Sumo Tournament final pitting grand champions in Osaka, Japan. Both entered the final day with 13-1 records; Akebono won his eighth title and ended Takanohana's winning streak at three tournaments.

New Zealand, the defending champion, overpowered seven-time winner Fiji, 35-17, in the final of the Cathay Pacific Hongkong Bank Rugby Sevens tournament as teenager Jonah Lomu scored two tries.

(AP)

Lubov Kreinova, the Russian middle-distance runner who won the bronze medal at the world indoor championships this month, has failed a drug test and will be barred for four years, the Russian Athletics Federation said.

(Reuters)

Ricky Watters became a member of the Philadelphia Eagles when the San Francisco 49ers refused to match a \$6.9 million, three-year offer sheet to the star running back.

(AP)

Eric Metcalf, the two-time Pro-Bowl running back and kick return specialist, was acquired by the Atlanta Falcons from the Cleveland Browns for a swap of first round draft choices; the day before, the Browns signed star wide receiver Andre Rison, a free agent, to a five-year deal worth \$17 million.

(AP)

Massimo Moratti, the new president of the soccer club Internazionale, has made Eric Cantona his prime signing target for next season, newspapers in Italy and England reported.

(Reuters)

A Finnish Success Story, Produced in Kenya

By Ian Thomsen
International Herald Tribune



Annemari Sandell: Hard-won title.

DURHAM, England — Something was missing in Annemari Sandell's life. It wasn't speed or strength or stamina, because at 18 she appeared to have all of those. And it surely wasn't courage: Otherwise she never would have left her home in Finland two months ago to live in Kenya, where she was as different as pale could be, with hair the color of snow. But she was determined to keep up with the finest runners in the world.

She arrived in Nairobi in February with her coach and another Finnish athlete, a 24-year-old man. He lasted two weeks. Sandell was expected to stay for a month. She had never won a medal in the international junior competitions, whereas the Kenyans probably had treasure chests full of medals. And one month tends to be enough for tourists.

"It is so hard coaching somebody to a level like this," said her Finnish coach, Lasse Olav Mikkelsson, explaining how Sandell had won the junior race at the IAAF World Cross Country Championships on Saturday. "In Finland we must do everything the right way, because we have only this one girl. The Kenyans, they have 50 girls and maybe 100 boys."

She stayed for two weeks in Eldoret with Patrick Sang, the Kenyan Olympic and world champion runner-up in the steeplechase. Eldoret is 300 meters (985 feet) above sea level. It was her primer before entering the Kenyan team camp at Kgati, near Embu, another kilometer higher. Many of the Kenyans had trained in Finland in the summers, eating Finnish food, living like Finns. In turn, she was welcome to stay with the team in Kenya, but on similar, local terms.

The Kenyans shared rooms in a dormitory. They washed their own clothes in a bucket. They bathed from a bucket too, and the toilet was a hole in the ground.

The meals every day tended around ugali, a mush of corn meal.

Sandell ate ugali, ugali, ugali.

In Finland she trained to exhaustion two times daily. In Kenya they trained three times, at 6 A.M., at 10 A.M., at 5 P.M., perhaps 10 kilometers each time, with chores and ugali in between.

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